

GOVERNANCE IN SUSTAINABLE PUBLIC PROCUREMENT
ROLE OF SUPREME AUDIT INSTITUTION, BANGLADESH

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Masters in Procurement and Supply Management

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CERTIFICATE FROM SUPERVISOR

This is to certify that **Kazi Forrukh Ahammed**, Cohort-3 (Session-2014), MPSM Batch # 7, ID-14282038 has prepared the thesis entitled “Governance in sustainable public procurement: **Role of Supreme Audit Institution(SAI), Bangladesh**” under my supervision. I do hereby approve the style and content of this thesis. This is for the partial fulfillment of the requirement for the degree of Masters in Procurement and Supply Management (MPSM) in The *BRAC* Institute of Governance and Democracy (*BIGD*) at *BRAC* University.

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DECLARATION

It is hereby declaring that no part of thesis, title as “Governance in Sustainable Public Procurement: Role of Supreme Audit Institution, Bangladesh.” has been submitted or published elsewhere. The whole dissertation is prepared for academic pursuit and solely aimed for the partial fulfillment for the degree of Masters in Procurement and Supply Management (MPSM). The document is submitted to the BRAC Institute of Governance and Development (BIGD), BRAC University with due acknowledgement of the cited text and norms of standard research works.

Kazi Forrukh Ahammed

15th Januray, 2015

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ACRONYMS AND ABBREVIATIONS

BBA	<i>Bangladesh Bridge Authority</i>
BC	<i>Building Construction</i>
BCA	<i>Benefit Cost Analysis</i>
BCC	<i>Barisal City Corporation</i>
BCCSAP	<i>Bangladesh Climate Change Strategy and Action Plan</i>
BNBC	<i>Bangladesh National Building Code</i>
BS	<i>British Standards</i>
BREEAM	<i>Building Research Establishment Environmental Assessment Methodology</i>
CASE	<i>Clean Air and Sustainable Environmental</i>
CBA	<i>Cost Benefit Analysis</i>
CCA	<i>Climate Change Adaptation</i>
CEA	<i>Cost-Effectiveness Analysis</i>
CIPS	<i>Chartered Institute of Purchasing and Supply</i>
COP	<i>Conference of Parties</i>
CPTU	<i>Central Procurement Technical Unit</i>
CSO	<i>Civil society organization</i>
DAP	<i>Detailed Area Plan</i>
DEFRA	<i>Department for Environment, Food & Rural Affairs</i>
DFID	<i>Department for International Development</i>
DPHE	<i>Department of public Health Engineering</i>
DMIS	<i>Disaster Management Information System</i>
DOE	<i>Directorate of Environment</i>
DNCC	<i>Dhaka North City Corporation</i>
DRR	<i>Disaster Risk Reduction</i>
DSCC	<i>Dhaka South City Corporation</i>

DTCA	<i>Dhaka Transport Coordination Authority (DTCA)</i>
DUTP	<i>Dhaka Urban Transport Project</i>
EAC	<i>Environmental Audit Committee</i>
ECA	<i>Environmental Conservation Act</i>
ECR	<i>Environmental Conservation Rules</i>
EF	<i>Ecological Footprints (EF)</i>
EFP	<i>Eco-Friendly Goods/Products (EFP)</i>
EA	<i>Environmental Accounting</i>
EIA	<i>Environmental Impact Assessment</i>
EPA	<i>Environmental Protection Agency</i>
ER	<i>Ecological Rucksack</i>
FAR	<i>Floor Area Ratio</i>
FDC	<i>Film Development Corporation</i>
FEMA	<i>Federal Emergency Management Agency</i>
FOEN	<i>Federal Office for the Environment</i>
FGD	<i>Focus Group discussion</i>
FMRP	<i>Financial Management Reform Project</i>
FY	<i>Financial Year</i>
GAO	<i>Government Accountability Office</i>
GCC	<i>Gazipur City Corporation</i>
GDP	<i>Gross Domestic Product</i>
GP	<i>Green Poster</i>
GOB	<i>Government of Bangladesh</i>
HM	<i>Her Majesty</i>
ICT	<i>Information and communication technology</i>
IDI	<i>In-depth Interview</i>
IDI	<i>INTOSAI Development Initiatives</i>

IDNDR	<i>International Decade for Natural Disaster Reduction</i>
IISD	<i>International Institute for Sustainable Development</i>
INTOSAI	<i>International Organisation of Supreme Audit Institutions</i>
JV	<i>Joint Venture</i>
KCC	<i>Khulna City Corporation</i>
LCA	<i>Life Cycle Analysis</i>
LGED	<i>Local Government Engineering Department</i>
MCDA	<i>Multi Criteria Decision Aid</i>
MDG	<i>Millennium Development Goal</i>
MOEF	<i>Ministry of Environment and Forest</i>
MTF	<i>Marrakech Task Force</i>
NAO	<i>National Audit Office</i>
NAPA	<i>National Adaptation Programme of Action</i>
NEC	<i>National Economic Council</i>
NCC	<i>Naryangonj City Corporation</i>
NSDS	<i>National Sustainable Development Strategy</i>
NGO	<i>Non government organization</i>
OECD	<i>Organisation for Economic Co-operation and Development</i>
PAC	<i>Public Accounts Committee</i>
PPA	<i>Public Procurement Act</i>
PPP	<i>Public Private Partnership</i>
PPR	<i>Public Procurement Rules</i>
SAI	<i>Supreme Audit Institution</i>
SCC	<i>Sylhet City Corporation</i>
SCOPE	<i>Strengthening Comptrollership and Oversight of Public Expenditure</i>
SFYP	<i>Sixth Five Year Plan</i>
SPEMP	<i>Strengthening Public Expenditure Management Project</i>

SPP	<i>Sustainable Public Procurement</i>
UK	<i>United Kingdom</i>
UN	<i>United Nations</i>
UNCRD	<i>United Nation Centre for Regional Development</i>
UNCSD	<i>United Nations Conference on Sustainable Development</i>
UNEP	<i>United Nations Environmental Program</i>
UNESCAP	<i>United Nations Economic and Social Commission for Asia and the Pacific</i>
UNFCC	<i>United Nations Framework Convention on Climate Change.</i>
UNISDR	<i>United Nations International Strategy for Disaster Reduction</i>
UNTERM	<i>United Nations Terminology</i>
URRAP	<i>Urban Risk Reduction Action Plans</i>
USA	<i>United States of America</i>
WB	<i>World Bank</i>
WCED	<i>World Commission on Environment and Development</i>
WGEA	<i>Working Group on Environmental Audit</i>
WSSD	<i>World Summit on Sustainable Development</i>

ABSTRACT

Sustainability is not a destination, it is simply a direction. The Article 18 A of the Constitution of the People's Republic of Bangladesh said "The state shall endeavor to protect and improve the environment and to preserve and safeguard the natural resources, biodiversity, wetlands, forests and wildlife for the present and future citizens." Sustainable development is thus a constitutional obligation in Bangladesh. Bangladesh is the signatory of Agenda21 which promote sustainable development as well as sustainable procurement. This study explored sustainability issues in public procurement activities of SAI towards this. This study analyzed the legal frameworks of SAI and sustainability in public procurement. *Firstly*, the study has done a robust literature review on Sustainable development, public procurement, legal and institutional arrangement in relation of SAI and public procurement to the country context of Bangladesh. *Secondly*, a questionnaire survey done on the particular subject of the study where existing scenario in sustainable procurement, sustainability culture and future thinking of procurement professional assessed. Professionals' involved in auditing government activities also gave their opinion what is their role in sustainable public procurement. Respondents are from various public sector organization give their opinion for sustainable public procurement. *Thirdly*, after respondents' suggestion for a sustainable procurement the study suggested a governance framework for sustainable public procurement audit. *Fourthly*, proposed governance framework assessed through In-depth Interview of expert involves in procurement audit. The study found that sustainable procurement practice ensures sustainable development. The study suggested every procuring entity should adopt a sustainable procurement framework in line with SAI audit strategy.

CHAPTER 1: INTRODUCTION AND CONCEPTUAL FRAMEWORK

	Chapter Contents
1.1	<i>Introduction</i>
1.2	<i>Constitutional Mandate of Sustainable Development and SAI Bangladesh</i>
1.3	<i>Reserch Questions</i>
1.4	<i>Objectives of the Study</i>
1.5	<i>Methodology</i>
1.6	<i>Analytical Framework</i>
1.7	<i>Limitations of the Study</i>
1.8	<i>Conclusion</i>

CHAPTER 1

INTRODUCTION AND CONCEPTUAL FRAMEWORK

1.1 Introduction

Public procurement accounts for at least 15 percent of global GDP and it is the largest share of government spending (Kwakkenbos, 2012). Government development spends increases every year. Brundtland report “Our Common Future” published in 1987 which coined the broad political concept of sustainable development. In June 1992, representatives of over 150 nations met in Rio de Janeiro, Brazil at the United Nations Conference on Environment and Development (UNCED). In this summit 105 nations endorsed Rio declaration on sustainable development. All nations committed themselves to integrating the principle of sustainable development. Like many other country, Bangladesh also committed for sustainable development. Sustainable Public Procurement (SPP) was identified in Agenda 21 as one of the means to achieve sustainability. More recently, SPP was recognized as a priority theme for all regions during the 19th Session¹ of the Commission on Sustainable Development and highlighted as a key enabling policy instrument for sustainable consumption and production (UNEP, 2012). As part of good governance, accountability and transparency Supreme Audit Institutions (SAIs) also audit their governments’ environmental activity all over the world. (INTOSAI, 2003). Supreme Audit Institutions has key role in monitoring and evaluation the national policy, strategy that government taken for the betterment of their citizen which is dominated by procurement spending. Sustainable development is the key driver for sustainable public procurement. Some SAIs also have specific mandate for auditing the environmental activities of the government. But it is not necessary to have specific, explicit mandate to audit environmental activities or issues are well established in the SAI across the globe.

¹ Held in Newyork, May 2011

1.2 Constitutional Mandate of Sustainable development and SAI Bangladesh

Before 2011 in the constitution of People's Republic of Bangladesh there is no provision directly related to the environmental issues. In 2011 much talked constitution 15th amendment act inserted a new article related to protection and improvement of environment and bio-diversity in its "fundamental principles state policy"². In this article³ Bangladesh shows her commitment towards to sustainable development as it is said "The State shall endeavor to protect and improve the environment, and to preserve and safeguard the natural resources, bio-diversity, wetlands, forests and wild life for the present and future citizens" (GOB, 2011). Before that amendment Bangladesh as her international obligation started to prepare National Sustainable Development Strategy and in 14 May 2009 it placed to Cabinet Committee⁴ meeting for approval. Finally in 2013 NSDS get its ultimate shape (GOB, 2013). On the other hand accountability, transparency, predictability and participation are important instruments for sound budget management, but also have an intrinsic value, and are generally seen as four pillars of good governance" (Allen & Tommasi, 2002). The article⁵ 127-132 of the constitution of the people's republic of Bangladesh gives wide discretionary authority and independence to the Comptroller and Auditor General of Bangladesh (SAI Bangladesh) to perform his duty without any control of any person or authority (GOB, 2011). SAI Bangladesh also committed to contribute sustainable development through its traditional audit as well as environmental audit; but question is, does governance framework of NSDS and Public procurement address the issues properly or not.

1.3 Research Questions

Supreme Audit Institution (SAI) in a strong position to scrutinise and examine the government activity towards Environmental Management and Sustainable Development. SAI Bangladesh known as Comptroller and Auditor General here. They are the constitutional body to establish accountability in public spending. SAI s have specialised knowledge, ability and authority to perform the audit of government activities and ensure proper and effective use of public funds,

² PART-II of The constitution of the people's republic of Bangladesh .(As modified upto 2011)

³ Article 18A of The constitution of the people's republic of Bangladesh .(As modified upto 2011)

⁴ Highest level body of Government of Bangladesh to settle the matter related to public policy according to Rules of Business 1996.

⁵ Article 128 of *The Constitution of the people's republic of Bangladesh.*(As Modified upto April,2011)

develop the sound financial and administrative management. All over the worlds SAIs has active role in measuring, monitoring and audit the implementation of sustainable development strategy. But National Sustainable Development Strategy (NSDS) does not mention any role for SAI where public procurement is the main focus. Why NSDS does not assign any role in good governance to SAI which should be a big question in accountability realm. That is the study “Governance in Sustainable Public Procurement: Role of Supreme Audit Institution (SAI) Bangladesh towards to Sustainable development” should be taken. Followings are research question for the study:

1. How SAI played role in sustainable procurement before National Sustainable Development Strategy?
2. What is the present situation of Procurement and Sustainability audit?
3. What should be the actions of SAI to ensuring sustainability in Public Procurement?

1.4 Objective of the Study

The study assessed what is the present scenario in SAI Bangladesh in relation to Sustainable procurement, what should be the future direction of audit towards to sustainable procurement as well as sustainable development. How SAI can played necessary role in implementing NSDS and how they may contribute in sustainability suggested here.

1.5 Methodology

1.5.1 Data collection: Primary data

- I. **Questionnaire Survey:** Questionnaire survey was the main source of primary data. Qualitative and quantitative data generated from the survey to analyze the present scenario of auditing sustainability, green public procurement and Role of SAI. Respondents for this survey are different stakeholders of NSDS, mainly
 - ✓ Procuring entity⁶
 - ✓ Implementing agency of NSDS etc
 - ✓ Auditors of SAI

⁶ Procuring entity : Who have administrative and financial power for procurement.

Information in light with research questions collected through structured questionnaire format. Questionnaire was approved by the supervisor before conduct final survey.

- II. **In-depth Interview/Focus group discussion:** To enhance quality of gathered data and validate them some in-depth interview and focus group discussion conducted with implementing agency of NSDS and SAI officials Focus group discussion also provide new data which is relevant to answer the research question..

1.5.2 Data Collection: Secondary data

Secondary Data source are the:

- I. Books
- II. Strategic document on infrastructures, procurement, environment management etc.
- III. Monograph
- IV. Reports on urban infrastructure, public procurement and sustainability.
- V. Journals
- VI. News Paper etc

More than fifty data source are taken for as secondary data source to frame the report and recommendation.

1.6 Analytical Framework

Secondary data from different discourse on Sustainable Development, Sustainable procurement and role of SAI analyzed through qualitative and quantitative method of analysis. Secondary data analysis mainly focused on establishing the context and frame work for the proposed study. Primary data presented for outcome of the study through quantitative and quantitative analysis by using spread sheet application and simple statistical tool.

1.7 Limitation of the Study

Endless limitation persists before and during the study which may impacted on output and outcome of the study. Limitation of Knowledge followed by lack of time, resource, capacity etc with following are the major limitations of this study.

- I. The study considered only public procurement as a key driver of sustainability. Private procurement and consumption pattern is out of the scope which should not be excluded

when considering disaster risk reduction. Public sector should play leadership role in sustainable development that is why the public sector chosen for the study.

- II. Questionnaire survey and in-depth interview which is important source of primary data may be biased with personal view and acquired knowledge of the respondent.
- III. The study tried to analysis the role of procurement in reducing disaster risk which may not only way to address the disaster risk reduction.

1.8 Conclusion

Sustainability is a journey, not a destination. (The Guardian, 2013). 27 years passed since the Brundtland report “Our Common Future” published in 1987 which coined the broad political concept of sustainable development. National Sustainable Development Strategy of Bangladesh sought stronger collective efforts from all quarter of stakeholder. Though it is debatable that the integration of the economic, environmental, and social aspects of sustainable development and the relations among them (Lozano, 2008); SAI cannot exclude them from this dynamic development. Public procurement is the major way of state spending; sustainable procurement shall contribute sustainable development where SAI can play significant role in implementing good governance which is one of the cross cutting area of NSDS.

CHAPTER 2: LITERATURE REVIEW AND CONCEPTUAL DEVELOPMENT

	Chapter Contents
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2.6	<i>NSDS indicators and sustainability scope of SAI Bangladesh</i>
2.7	<i>Sustainability in Five Year Plan</i>
2.8	<i>Sustainability and Environmental Audit</i>
2.9	<i>Public Spending and Public Procurement</i>
2.10	<i>Conclusion</i>

CHAPTER 2

LITERATURE REVIEW AND CONCEPTUAL DEVELOPMENT

2.1 Introduction

Sustainable Public Procurement (SPP) was identified in Agenda 21 and in Chapter III of the World Summit on Sustainable Development (WSSD) Plan of Implementation as one of the means to achieve sustainability where Bangladesh is prominent ratifier (UNEP, 2012). WSSD plan of Implementation emphasized for public procurement policies which encourage development and diffusion of environmentally sound goods and services (WSSD, 2002). Now SPP become a priority theme for all regions and highlighted as a key enabling policy instrument for sustainable consumption and production towards a green economy in UNEP's Green Economy Report (UNEP, 2012). Public procurement represents large volumes of public spending each year (Kahlenborn, Moser, & Essig, 2011). Present National Sustainable Development Strategy [2010-2021] to meet the challenges of economic, social and environmental sustainability of Bangladesh identifies five strategic priorities: (1) Sustained Economic Growth, (2) Development of Priority Sectors, (3) Urban Environment, (4) Social Security and Protection, and Environment, and (5) Natural Resource and Disaster Management. Three important cross cutting areas have been identified to support the Strategic Priority Areas of the NSDS. These crosscutting areas are Good Governance, Gender and Disaster Risk Reduction and Climate Change (GOB, 2013). To attain the strategic priorities national spending of Bangladesh aligned with NSDS where Public procurement occupy major share (Ellmers, 2011). On the other hand accountability, transparency, predictability and participation are important instruments for sound public management, but also have an intrinsic value, and are generally seen as four pillars of good governance" (Allen, Tomasi,2002).

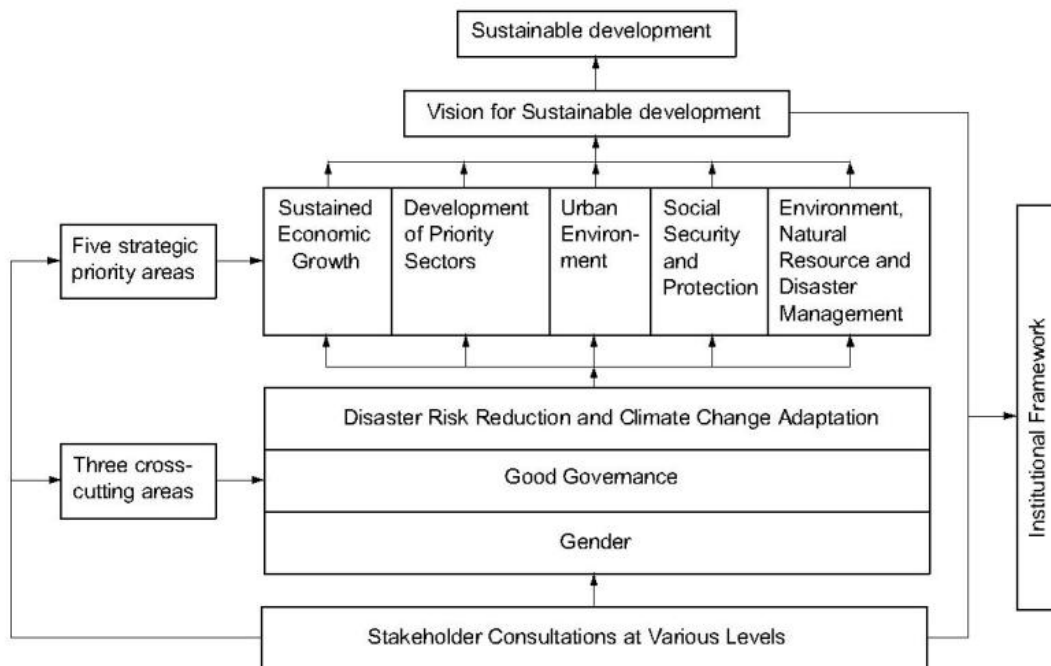


Figure 1: Sustainable Development Framework (Adapted from NSDS, 2013)

2.1 Concept of Governance

As Kofi Annan states in his report on World Summit on Sustainable Development (WSSD), “good governance at the local, national and international levels is perhaps the single most important factor in promoting development and advancing the cause of peace”. (Gardiner, 2002). So, good governance is a prerequisite for sustainable development (WSSD, 2002). The phrase ‘governance’ is widely used in the development discourse by international aid-giving agencies, planners and academics. By proposition, the phrase is often qualified as good governance. Convenient definition good governance is Governance is the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest (Commissioning Global Governance “Our Global

Neighborhood” Oxford University Press. 1995, 1995). The concept “Governance” achieved prominence in the donor discourse in the 1990s, after the end of the cold war. Governance was conceived broadly as “the exercise of authority and control in a society in relation to the management of the resources for social and economic development”. Focus of the international donor agencies was a political. It emphasized, with respect to the recipient countries, the “quality of public service management, better service delivery, rule of law and elimination of corruption with compliance of donor policies such as reduction of excess military expenditure”

By the end of the 1990s the international donor (notably UNDP & OECD) conceptions of good governance had expanded to include the notions of transparency, accountability and participation. Major elements of good governance identified by the DAC⁷ members included “rule of law, strengthening public sector management and transparency, accountability by improving accounting practices budgeting and public expenditure management and combating corruption.”

Governance as perceived by the development Donors. *According to USAID*, Governance is a complex system of interactions among structures, traditions, functions (responsibilities), and processes (practices) characterized by three key values of accountability, transparency and participation.

According to *United Nations Development Programme (UNDP)*, “Governance is the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises mechanisms, processes, and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their legal obligations, and mediate their differences”

The World Bank defines governance as 'the manner in which power is exercised in management of countries economic and social resources for development'.

Mr.AMA Muhit, in his book “*Issues of Governance in Bangladesh*” tried to prepare a list of the elements of good Governance, in particular reference to developing countries (Muhit, 1998). In his list with other elements human right, open economy, control of corruption, participatory

⁷ Development Assistance Committee of Organisation for Economic Co-operation and Development (OECD)

process in decision making, devolution of power, transparency and accountability are prominent (Muhit, 1998).

2.3 SAI and Good Governance

Supreme audit institutions (SAIs) are the lead public sector audit organisation in a country. Their original task is to examine whether public funds are achieved value for money with compliance of different regulations. Effective SAIs can play significant role in confirming that controls are operating effectively, identifying waste and suggesting ways in which government organisations can operate better. By ensuring that money is well spent, they can contribute to national development and the fight to reduce poverty. (OECD, 2011). They do this through producing objective and rigorous audit reports which impact of consumption pattern of public recourses. By ensuring that public money is well spent they can contribute to sustainable national development, reduce fraud and contribute to poverty reduction (OECD, 2011). Generally, The SAI's task is to scrutinise public spending on behalf of Parliament and taxpayers. It will have a high degree of independence from Government and be headed by one person in whom statutory responsibility for the audit of central government is vested. SAI carry out various forms of audit like financial audit, compliance audit and Performance audit. At the end of each audit, the SAI gives an audit opinion on the accuracy, truth, fairness, completeness etc of the financial statements prepared by various government Ministries, Agencies and Departments. Within the past 15 to 20 years performance audit gain ground in the SAIs activities (OECD, 2008). Performance audit also known as VFM audits which focuses on the *three Es*, Economy, Efficiency and Effectiveness in the use of public funds. Performance audit ensures "Good Governance" in public spending and development activities (OECD, 2008). Good governance within each country and at the international level is essential for sustainable development (WSSD, 2002) . SAIs has a key role in holding governments accountable for their systems of governance and, auditor are well placed to review and comment on countries' progress. However, very few SAIs have conducted audits of the implementation of WSSD commitments (INTOSAI-WGEA, 2007).

2.3.1 Accountability and transparency and SAI

The rule of law and democracy are essential foundations for independent and accountable government auditing according to Lima Declaration is founded (INTOSAI, 1977). Supreme Audit Institutions shall have the functional and organisational independence required to accomplish their tasks (INTOSAI, 1977). Although state institutions cannot be absolutely independent because they are part of the state as a whole, Accountability and transparency are two important elements of good *governance*. Consistent application of transparency can help fight corruption, improve governance and promote accountability (INTOSAI, 2010). Accountability and transparency are conjoint features: they both encompass many of the same actions, for instance, public reporting. The concept of *accountability* refers to the legal and reporting framework, organisational structure, strategy, procedures and actions. The notion of *transparency* refers to the SAI's timely, reliable, clear and relevant public reporting on its status, mandate, strategy, activities, financial management, operations and performance. In addition, it includes the obligation of public reporting on audit findings and conclusions and public access to information about the SAI (INTOSAI, 2010). Mexico Declaration on Independence of INTOSAI emphasize that SAIs are free from direction or interference from the Legislature or the Executive in the selection of audit issues; planning, programming, conduct, reporting, and follow-up of their audits; organization and management of their office; and enforcement of their decisions where the application of sanctions is part of their mandate (INTOSAI, 2007).

Finally, "Good Governance" means competent management of a country's resources which is open, transparent, accountable and equitable. Accountability is one of the important tools of good governance where SAI Bangladesh played important role as its constitutional obligations (GOB, 2011).

Good governance provides the assurance that the policy process – policy formulation, implementation, and monitoring and evaluation – is operating optimally with effectiveness, efficiency, and economy, and is underpinned by broader principles such as rule of law, transparency, accountability and integrity. (OECD, 2014). In this study Governance word means good governance.

2.4 Sustainability in public policy and public procurement

To identify sustainability as strategic priority in public procurement study reviewed many strategic and legal document like the UN millennium development goal (UN, 2013), Outline Perspective Plan of Bangladesh (2010-2021) Making Vision 2021 a Reality (GOB, 2010), Sixth Five year plan (GOB, 2011), Bangladesh Environmental conservation act 1995 (GOB, 1995) and Environmental Conservation Rule 1997 (GOB, 1997), Disaster management Act 2012, Bangladesh National Building Code (BNBC, 2006), Policy and Strategy for Public Private Partnership, 2010 (GOB, 2010), Bangladesh Private sector infrastructure guideline 2004 (GOB, 2004), Public Procurement act 2006 (GOB, 2009), Public Procurement rules 2008 (GOB, 2008), Hyogo framework for action (2005-2015) (UN-ISDR, 2005), National Adaptation Programmed of Action (NAPA) (GOB, 2005), National Plan for Disaster Management(2010-15) (GOB, 2010), Bangladesh Climate Change Strategy and Action Plan (BCCSAP) 2009 (GOB, 2008) etc which used as important source of information related to sustainable procurement and help to design the framework of the study.

The study also go through some books, journal, reports etc for understanding the present trends and past work of particular field of study like Guideline for sustainable public procurement (Platteuw, Torregrossa, Sommer, & Bellegem, 2009), Advancing Sustainable Public Procurement in Urban China Policy Recommendations (Philipps, Espert & Eichhorst, 2011), Sustainable Public Procurement Manual for Government Procurement Officers (I&M, 2011), Sustainable procurement in government, guidance to the flexible framework (DEFRA, 2010), Buying a better world : Sustainable Public Procurement (Forum for the Future, 2007), Public sector sustainable procurement assessment framework (Forum for the Future, 2006), Adapting your procurement (DEFRA, 2010), Buying green: a hand book environmental public Procurement (European Commission, 2004), Sustainable Public Procurement: Implementation Guidelines, Introducing UNEP approach (UNEP, 2012).

The concept of sustainability is a major environmental concern in present days of development purview. Many actions taken or considered to be taken by the government and intergovernmental organisation as well different sector exists in the process. United Nations Environmental Program continued their effort to ensure sustainable development. In 2012 it published

“Sustainable Public Procurement Implementation Guidelines: *Introducing UNEP’s Approach*”. It is an outcome of Marrakech Task Force (MTF) Approach to Sustainable Public Procurement. Between 2009 and 2012, seven countries tested the MTF Approach to SPP in the framework of UNEP’s Capacity building for Sustainable Public Procurement project supported by the European Commission, Switzerland and the Organisation of Francophone Countries. The results of this pilot testing have informed the update of these Guidelines and insights from their experience are reported in the Guidelines. So these guidelines published by UNEP can be considered one of the important guideline in infrastructure procurement (UNEP, 2012). These guidelines defines sustainable Procurement is “A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.” The footnote to the definition given as: Sustainable Procurement should consider the environmental, social and economic consequences of: Design; non-renewable material use; manufacture and production methods; logistics; service delivery; use; operation; maintenance; reuse; recycling options; disposal; and suppliers’ capabilities to address these consequences throughout the supply chain. This definition adopted from *Procuring the Future – the report of the UK Sustainable Procurement Task Force*, June 2006 (DEFRA, 2006). *Procuring the Future* also stated that the focus on sustainable procurement is not new. Over recent years, there has been increasing interest in using public sector procurement to make the transition to a more sustainable economy. In UK, it has been examined by a number of bodies, including the National Audit Office (NAO) and the Environmental Audit Committee (EAC) (DEFRA, 2006). In 2005 National Audit Office, UK examined sustainable procurement and published the report “Sustainable Procurement in central government”. The report identified that the “main barriers to sustainable procurement were: a conflict between sustainable procurement and the focus on reducing costs; a lack of leadership on these issues across government and within departments; a failure to integrate sustainability into standard procurement processes; decentralisation of procurement within departments; and a lack of training and guidance about what sustainable procurement is and how to achieve it” (NAO, 2005). If it is the scenario of a developed country like UK, Bangladesh scenario may not be similar. But it is necessary to examined in a narrow scope of role of audit.

2.5 Conceptualisation of Sustainability in Public Procurement

The concept of sustainability emerged in the mainstream discussion in 1972 after Stockholm declaration adopted by the United Nations Conference on the Human Environment (Wikipedia). The Brundtland commissions appointed by UN under chairmanship of Gro Harlem Brundtland published their famous report “Our Common Future” published in 1987 which contained general definition of sustainable development as *“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs”* (WCED, 1987). Sustainability is a comprehensive notion how societies live, interact and operate (Berry, 2011). It means ensuring that actions taken to day do not limit or jeopardizes quality of life in the future, which against the concept of “No consumption means sustainable consumption”. Sustainability creates and maintains the conditions under which humans and nature can exist in productive harmony, that permit fulfilling the social, economic and other requirements of present and future generations. Sustainability is important to making sure that we have and will continue to have, the water, materials, and resources to protect human health and our environment (EPA). The aim of the sustainability is to reduce individual's ecological footprint. United Kingdom Sustainable procurement Task Force on their report “Procuring the Future” define sustainable procurement *“A process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole-life basis in terms of generating benefits not only to the organization, but also to society and economy, whilst minimizing damage to the environment”* (DEFRA, 2006). Sustainable procurement goes by many different names: green procurement, environmental procurement, affirmative procurement, responsible procurement, socially responsible procurement etc (CIPS, 2012)

Sustainable development involves the integration of social, environmental and economic objectives which known as triple bottom line (Elkington, 1997). Every policy or human activity should bring about an improvement in all three objectives. However, progress on one front may be achieved at the cost of damage on another. Wherever possible, decisions should take into account the costs and benefits on all sides. The Brundtland Commission definition also brought out the concept of sustainability that is fair to generations present and future; that today's generations should not achieve economic progress at the expense of the prosperity of future generations. (INTOSAI, 2003)

‘Procurement is called sustainable when it integrates requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs (UNGM, 2011).

2.6 NSDS indicators and sustainability scope of SAI Bangladesh:

Governments have a key role in promoting sustainable development. Bangladesh adopted National Sustainable Development Strategy in 2013. (GOB, 2013). They are responsible for setting the direction, making policy and providing co-ordination. They represent the nation's interests in international negotiations that affect development and the environment. They enter into commitments, for example to prepare NSDS to promote sustainable development. NSDS develop strategies for putting these commitments into action. SAIs may play important role in evaluating the effectiveness of these frameworks and strategies. (INTOSAI, 2003). In developing sustainable development strategies Bangladesh considered number of policy tools at their disposal to influence sustainable development. Governments also need to ensure that wider economic, health and education policies also promote the objectives of sustainable development. Where SAI Bangladesh has a mandate to look at budget proposals, these should be scrutinized with a view to looking at the balance achieved between social, economic, and environmental issues like other SAI in the world (INTOSAI, 2003). NSDS sets some indicators achieving sustainable development. Like other good strategy for sustainable development NSDS likely to include set of targets for what needs to be achieved and indicators which measure progress towards meeting those targets across the government. The targets and indicators are therefore likely to be an important area for SAI scrutiny and reporting to (INTOSAI, 2003). List of indicators for monitoring sustainable development of Bangladesh for the period of 2010-2021 listed in following table (GOB, 2013)

Table 1: Target and Indicators identified in National Strategy for Sustainable Development

Theme	Target (2021)	Indicator ⁸
(Socio Economic)		
Income	Bangladesh becomes a middle income country	Per capita GDP
Inequality	Income Inequality	Gini coefficient
Poverty	Poverty is halved from current level	% of population below poverty line
Food security	Bangladesh becomes self sufficient in cereal production	Total production of rice, wheat, and maize
Energy security	Bangladesh produces 20,000 MW of electricity with 10% of generation coming from renewable sources	Electricity generation capacity; Mix of renewable/ non-renewable sources
Transport	East-West road and rail connection is completed through construction of two bridges on the Padma Mass Rapid Transit introduced in major cities	Progress in construction of the bridges Metro rail, LRT and BRT are in operation
Water supply and sanitation	Entire population has access to pure drinking water and hygienic sanitation	% of population with access to pure drinking water and hygienic sanitation
Gender	Gender parity achieved in education, health, and nutrition	Enrolment and completion ratio
Social protection	Increase social protection	- Government expenditure on social protection as proportion of GDP - Percentage of poor people covered

⁸ Indicators are means to measure the targets towards sustainable development

Theme	Target (2021)	Indicator ⁸
Environment		
Industrial pollution control	Install and operate effluent treatment plants (ETP) and emission control device in all industries by 2015. Achieve zero effluent discharge and emission reductions in all industries by 2021	% of industries with ETP and Emission Control Device
Water quality	All the rivers attain the water quality standards of DoE	Dissolved Oxygen
Air quality	Air quality in all urban areas meet the National Ambient Air Quality standards	Suspended particulate matters
Forest	Forest coverage increase to 25% of land area	Forested area with at least 70% canopy coverage
Bio-diversity	Terrestrial and marine protected area doubles	Declared terrestrial and marine protected area
River floodplain ecosystem	The link between all rivers and their floodplains are re-established	Fish production and fish diversity in rivers and floodplain
Disaster and climate change risk reduction	Bangladesh will be less vulnerable to disasters and climate change	% of Upazila Parish ads/ Union Parish ads consulting Community Risk Assessment (CRA) and Risk Reduction Action Plan (RRAP) for preparation and implementation of development activities - Number and percentage of usable cyclone shelters

Source: National Strategy for Sustainable Development (GOB, 2013)

The NSDS has developed strategies to meet the challenges of economic, social and environmental sustainability of the economy. It also represents an effort of the Government to meet its international obligation to global sustainable development agenda. The vision of the NSDS is “Achieving a happy, prosperous and enlightened Bangladesh which is free from hunger, poverty, inequality, illiteracy, and corruption and belongs completely to its citizens and maintains a healthy environment” (GOB, 2013). So, by issuing NSDS and setting target for 2021 government of Bangladesh committed to sustainable development.

Sustainable development is important to SAI of any country because it is important to the executive they audit. The constitutional role and mandates of most SAIs do not authorize them to set policy for the government; only to audit its implementation. (INTOSAI, 2003). According to this paper therefore does not suggest that SAIs should be champions of sustainable development regardless of their government’s or legislature’s position. The scope to do useful audit work in this area will be limited by the extent to which the government or agency has embraced the principles and practices of sustainable development. The special risk that an SAI faces in conducting an environmental audit is that the criteria it has used are sometime inapplicable; or inappropriate; or biased (INTOSAI, 2001). So appropriateness in target and indicator identified by NSDS may be justified in course of time.

2.7 Sustainability in Five Year Plan

Chapter 9 of the Sixth Five Year Plan FY2011-FY2015: Accelerating Growth and Reducing Poverty, Part-1, Strategic Directions and Policy Framework address the “Environment, Climate Change and Disaster Management for Sustained Development”. The plan identify that the Environmental degradation has posed as a pressing development concern for Bangladesh. It also added that Economic progress, accompanied with rapid urbanization and industrialization, had left its toll on Bangladesh’s own ecosystem. The plan identifies lots of programme on Environment Protection. As per plan a brief listing of these programs is:

- ✓ Control of Air Pollution
- ✓ Controlling Industrial Pollution
- ✓ Conservation of Ecosystem
- ✓ Partnership Program for Environment Protection

- ✓ Conservation of Biological Diversities
- ✓ Protection of the Ozone Layer
- ✓ Measures toward Management of Wastes
- ✓ National Bio-Safety Framework
- ✓ Control of Noise Pollution
- ✓ Saving the River
- ✓ Generating electricity from waste
- ✓ Declaring Ecologically Critical Areas
- ✓ Reduction in the Production and Use of Black Polythene
- ✓ Poverty-Environment-Climate-Disaster Nexus Initiative in National Planning Process

The Sixth Five Year Plan will carry forward the implementation of the approved National Disaster Management Plan 2010-2015. It will continue the comprehensive all hazard, all risk and all sector approach and be built on the foundations laid in the last several years and learn from the positive experiences. The plan will focus more on Disaster Risk Reduction (DRR) in order for reducing the relief and recovery needs and also be prepared to deal with any emergencies (GOB, 2011).

2.8 Sustainability and Environmental Audit

Sustainability of public spending can be assured by environmental audit with other traditional forms of audit exercised by the different SAI in the world. United States Environmental Protection Agency (EPA) defines Environmental Audit as periodic, objective, and documented assessment of an organisation's operations compared with audit criteria. Audit criteria may be compliance requirements such as regulations or may be management practices that benefit the environment. It provides information on the operational status of an organization compared to management's organizational performance expectations (EPA, 2000).

According to International Standard Organisation (ISO) Environmental audit is a systematic and documented verification process of objectively obtaining and evaluating audit evidence to determine whether the specified environmental activities, events, conditions, management

systems or information about these matters conform to audit criteria, and communicating the results of this process to the client. (ISO 14010:1996)

According to International Chamber of Commerce (ICC) position paper on environmental auditing (ICC:1989) Environmental auditing ‘is a management tool comprising a systematic, documented, periodic and objective evaluation of how well environmental organisation, management and equipment are performing with the aim of helping to safeguard the environment by: (i) facilitating management control of environmental practices; (ii) assessing compliance with company policies, which would include meeting regulatory requirements.

Confederation of British Industry (CBI) define it is ‘the systematic examination of the interaction between any business operation and its surrounding. This includes all emissions to air, land and water legal constraints; the effects on the neighbouring community, landscape and ecology; and the public's perception of the operating company in the local area’ (CBI, 1990).

It is ‘Independent third party assessment of the current status of an organization's compliance with local environmental laws and regulations’⁹.INTOSAI issues different standard (ISSAI¹⁰)

Table 2: ISSAI 5100-5199 Guidelines on Environmental Audit

ISSAI	Subject
5110	Guidance on Conducting Audits of Activities with an Environmental Perspective
5120	Environmental Audit and Regularity Auditing
5130	Sustainable Development: The Role of Supreme Audit Institutions
5140	How SAIs may co-operate on the audit of international environmental

Including above, Environmental auditing provides a mechanism to quantify the environmental impacts of an organisation. It is the systematic measurement and evaluation of all inputs to and outputs from an entity’s activity. Environmental audits provide information that assists in identifying environmental risk and priorities, assessing environmental performance and providing an environmental context for decision-making processes.

⁹ on <http://www.businessdictionary.com/definition/environmental-audit.html> accessed on 8th September,2008

¹⁰ International Standards for Supreme Audit Institution

2.9 Public Spending and Public Procurement

Ongoing Five year plan and Annual Development plan focus on Sustainable development. Public procurement plays a central role in the development agenda of the Government of Bangladesh as her 70% of annual development expenditure used for Public procurement (World Bank, 2014). To attain the strategic priorities national spending of Bangladesh aligned with NSDS where Public procurement occupy major share (Ellmers, 2011). Following figure may illustrate the relationship:

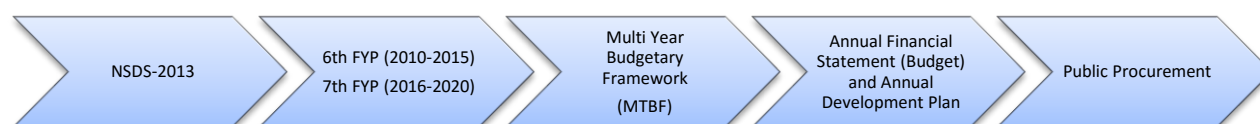


Figure 2: Public procurement and Strategic Alignment

From the above discussion it is found that public Procurement is uniquely placed at the interface between government activities and projects and the environment in which these procurement operations take place (UNEP, 2011). In Bangladesh Public Procurement Act 2006 (GOB, 2006) and Public Procurement Rule 2008 (GOB, 2008) are the guiding principles of procurement in public sector. This act and rules also classified all procurement in three categories i.e. goods, works and service. Bangladesh Environmental conservation act 1995 (GOB, 1995) and Environmental conservation rules 1997 (GOB, 1997) and other key regulations which ensure that all projects in public sector should have environmental clearance from appropriate authority. Environmental impact assessment is mandatory for particular project depending on their category¹¹. These regulations played supportive¹¹ role for sustainable public procurement as well as sustainable development.

2.10 Conclusion

The study “Governance in sustainable public procurement: Role of “Governance in Sustainable Public Procurement: Role of Supreme Audit Institution (SAI) Bangladesh.” adopted the main aims of Sustainable procurement which mentioned in book “The Sustainable procurement Guide:

¹¹ Environmental Conservation Rules 1997 (Rule 7) classify all industrial unit and projects in four categories a) Green b) Orange A, c) Orange B and d) Red in consideration of their site and impact of the environment.

Procuring Sustainably Using Bs 8903” (Berry, 2011). Cathy Berry mentioned *Four* main aims of sustainable procurement which can be applied in auditing perspective:

1. Minimize any negative impacts of infrastructures across their life cycle and supply chain
2. Minimize demand for resources: reducing purchases, using resource efficient products and products containing recycled contents
3. Ensure Fair Contract Prices and Terms: Meet minimum ethical, human rights and employment standards
4. Promote Positive outcomes for economy, environment and Society.

Assessment of sustainability of procurement in public sector addressed the above objectives. From the literature the concept of sustainability, public procurement, green public procurement etc are taken for the study. This literature will help to frame the literature review chapter in the thesis paper.

The environmental problems are old, complex, costly and burning issues for the developing countries like Bangladesh. The environmental problems will not be solved overnight nor will they be solved solely by the actions of SAIs. However SAIs can be the part of the overall sustainable governance. Auditing is the objective, systematic, professional and independent examination of all operations of a public entity. It promotes and enhances the transparency and accountability in the public administration. As constitutional obligations, SAI Bangladesh have to respond to the expectation citizens by providing independent, credible, and objective verification of the information provided by the government agencies with respect to their activities and their impact on the environment. In this way, Environmental auditing may be the major tool for SAI Bangladesh to contribute in the Environmental Management and Sustainable Development

CHAPTER 3: SUSTAINABLE PUBLIC PROCUREMENT IN BANGLADESH: TOWARDS TO NSDS

	Chapter Contents
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3.2	<i>Sustainability Objectives of Public Procurement Regulations</i>
3.3	<i>Major Procurement Regulations in Bangladesh</i>
3.4	<i>Sustainability in Public Procurement Act 2006 and Public Procurement Rules 2008</i>
3.5	<i>Sustainability in PPP</i>
3.6	<i>Maturity Levels of Sustainable Public Procurement in Bangladesh</i>
3.7	<i>Procurement Process and Diminishing Sustainability Opportunity</i>
3.8	<i>Conclusion</i>

CHAPTER 3

SUSTAINABLE PUBLIC PROCUREMENT IN BANGLADESH: TOWARDS TO NSDS

3.1 Introduction

Public procurement is the overall process of acquiring goods, works and services on behalf public authority by using public fund (GOB, 2008). Sustainable public procurement is where the concept of sustainable development and public procurement meet (Roos, 2012). Sustainable public procurement is a technical process. It requires major changes involving a wide range of stakeholders with multiple, sometimes conflicting, and changing political incentives that can complement or compete against each other (Perera & Colverson, 2012).

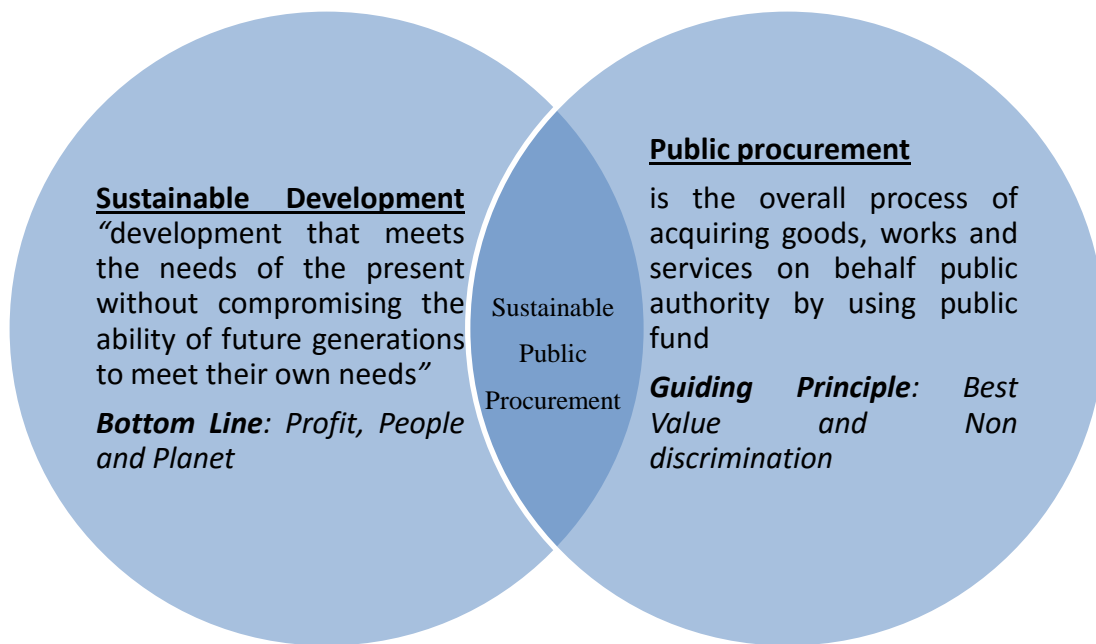


Figure 3: Sustainable Public Procurement. [Based on (Roos, 2012)]

Sustainable Public Procurement implementation needs to be based on a solid assessment of the country context including the country's sustainable development strategy (Roos, 2012). CIPS books of sustainability in Supply depict reason for an increasing focus on sustainability

- ✓ Values and Awareness: Awareness of potential negative impacts.
- ✓ Accountability: Political, public and activist pressure for greater corporate responsibility and accountability
- ✓ Stakeholder pressures

- ✓ Resource scarcity and resulting rising costs
- ✓ Financial pressures: need for cost savings e.g. through improved resource efficiency.
- ✓ Marketing and competitive pressures
- ✓ Risk: growing awareness of operational, financial and reputational risks of unsustainable business practices
- ✓ Government policy, law and regulation
- ✓ Frame work and initiatives (e.g. codes of practice, certifications and standards) (CIPS, 2012).

All of above reasons are important for SAI Bangladesh and also for Bangladesh to branding herself and attract foreign and local investment (World Bank, 2013).

3.2 Sustainability Objectives of Public Procurement Regulations

Sustainable Procurement tries to find achieve the right balance between the three pillars of sustainability in a following way:

Economic factors include the costs of goods, works and services over their entire life cycle, such as: acquisition, maintenance, operations and end-of-life management costs (including waste disposal) in line with good pecuniary management;

Social factors include social justice and equity; safety and security; human rights, gender and employment conditions;

Environmental factors include emissions to air, land and water, climate change, biodiversity, natural resource use and water scarcity over the whole product life cycle. (UNEP, 2012a)

The objective is to create a short-list of possible issues and impacts that the approach to sustainable procurement could support, for instance:

- ✓ Climate change and or greenhouse gas emissions reduction;
- ✓ Ozone depleting substances eradication;
- ✓ Natural resource use optimization;
- ✓ Waste minimisation;
- ✓ Job creation;
- ✓ Equality and diversity;

- ✓ Fair pay for suppliers' staff or workers in the supply chain more broadly;
- ✓ Economic regeneration;
- ✓ Legal compliance; and
- ✓ Public image enhancement. (UNEP, 2012a)

“Forum for the Future” their Report named “**buying a better world: sustainable public procurement**” identify typical sustainability objectives for the procurement and establish relationship with triple bottom line (Forum for the Future, 2007).

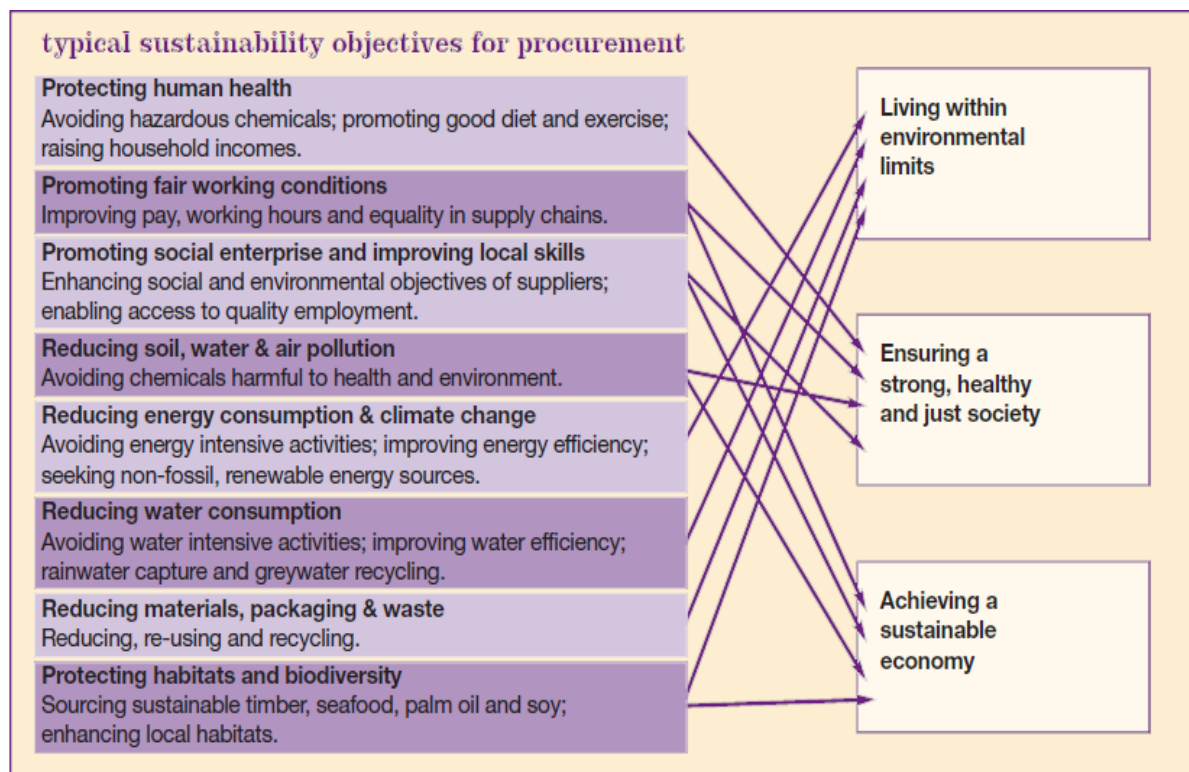


Figure 4: Typical Sustainability objectives (Adapted from “Forum for the Future”, 2007)

3.3 Major Procurement Regulations in Bangladesh

Regulation is "controlling human or societal behavior by rules or restrictions (Koops, 2006)(**need correction**).” Regulations mean a principle, rule, or law designed to control or govern conduct or a governmental order having the force of law. In Bangladesh Public Procurement Act 2006, Public Procurement Rules 2008, Private Sector Power Generation Policy

(PSPGP) 1996, Private Sector Infrastructure Guidelines 2004, The Policy and Strategy for Public-Private Partnership (PPP), 2010 are dominant regulation in public procurement.

3.3.1 Public Procurement Act 2006/ Public Procurement Rules 2008

Public sectors procurement mainly guided by Public Procurement Act 2006 (GOB, 2006) and Public Procurement rules 2008 (GOB, 2008) which known as primary¹² and secondary¹³ legislation respectively. Both of the procurement regulations is outcome of donor led project. It is found that the issues of sustainability primarily are not considered by this act and rules (Ahammed, 2013). Some of the sustainability issues indentified by this study discussed in the following sections. These regulations primarily focus on ensuring transparency and accountability, equal treatment and free fair competition for all. In public procurement act and rules there is no direct provision for sustainable procurement or green procurement. In some standard tender document¹⁴ there are provisions to take all reasonable steps to protect the environment on and off the site and to avoid damage or nuisance to persons or to property of the public or others resulting from pollution, noise or other causes arising as a consequence of the contractors methods of operation.

3.3.2 Public Private Partnership:

An informal policy framework for PPPs was introduced in Bangladesh as early as the mid 1990's with the Private Sector Power Generation Policy (PSPGP) 1996. This policy was pioneer to marked the launch of PPP projects in the power sector, with the 450MW Meghnaghat and 360MW Haripur Power Projects; two early success stories. The policy for encouraging partnerships with the private sector continued throughout the 2000's with the introduction of PSIG 2004 (Private Sector Infrastructure Guidelines 2004). The Policy and Strategy for Public-Private Partnership (PPP), 2010 (PPP Policy 2010) has now been introduced (replacing the PSIG 2004) to update the policy framework and incorporate best international practice to further boost the use of the PPPs across multiple sectors and to provide a clear and transparent regulatory and procedural framework (GOB, 2014).

¹² Primary legislation referred as Act which enacted in the parliament.

¹³ Secondary legislation referred as Rules which issued under any Act.

¹⁴ Standard Tender Document : Tender document issued by Central Procurement Technical Unit(CPTU), IMED, Government of Bangladesh.

3.3.3 Bangladesh Private Sector Infrastructure Guidelines 2004

This a policy of promoting the development of infrastructure projects through the private sector.

This document therefore aims to serve three basic purposes:

1. To establish within the Government, procedures to identify Private Infrastructure Projects;
2. To document a set of guidelines, for both the private sector Investors and Government, enabling the procurement and implementation of Private Infrastructure Projects; and
3. To establish institutional arrangements to monitor and expedite the implementation of such projects at a national level.

Preliminary proposal will be approved by the Line Ministry. The Project proponent shall submit a detailed Project proposal, which must demonstrate its economic, financial and environmental sustainability (GOB, 2004).

3.3.4 Policy and Strategy for Public Private Partnership (PPP) 2010

/Public Private Partnership Act 2013(Draft)

At a Cabinet Committee Meeting on Monday, October 28, 2013 ‘In-Principle Approval’ of draft Public Private Partnership (“PPP”) Law, 2013 given. This act is aimed to expedite the economic development through involvement of private sector in public sector infrastructure projects. The draft law was cleared in a cabinet meeting chaired by the Hon’ble Prime Minister of Bangladesh. Before that in August 2010, the Government of Bangladesh issued the Policy and Strategy for Public Private Partnership (PPP) to facilitate the development of core sector public infrastructure and services vital for the people of Bangladesh. The PPP program is part of the Government's Vision 2021 goal to ensure a more rapid, inclusive growth trajectory, and to better meet the need for enhanced, high quality public services in a fiscally sustainable manner. The issued Policy and Strategy for Public Private Partnership (PPP) spell out the principles of partnership with private sector for undertaking various projects related to infrastructure as well as public service delivery. PPP is a win-win relationship between the government and various private sector players for the purpose of delivering a service by sharing the risks and rewards of the venture

under a contractual obligation. The policy strategy of PPP identifies different priority sectors of partnership like Exploration, production, transmission, and distribution of oil, gas, coal and other mineral resources; Oil refinery, and production of LPG; Production of fertilizer; Power generation, transmission, distribution and services; Airports, terminals and related aviation facilities; Water supply and distribution, sewerage and drainage, effluent treatment plants; Land reclamation, dredging of rivers, canals, wetlands, lakes and other related facilities; Highways and expressways including mass-transit, bridges, tunnels, flyovers, interchanges, city roads, bus terminals, commercial car parking etc which have economic, social and environmental impacts (GOB, 2010). In 2013 Public Private Partnership Office published PPP Screening Manual where PPP screening framework suggested. In this framework criteria related to sustainability added as “Is the project likely to raise significant environmental or social issues”? (GOB, 2013)

3.4 Sustainability in Public Procurement Act 2006 and Public Procurement Rules 2008

From analysis of existing rules of Public Procurement, Following sustainability issues found by the author which may be linked with triple bottom line:

Economic: PPA and PPR contained different sections¹⁵ and rules¹⁶ on economic sustainability.

- I. Methods of procurement for goods, works and service are determined by the prevalent economic conditions of the contracting industry, expected competition etc [Rule 15(7)].
- II. Technical specification where appropriate be expressed in terms of performance or output requirements rather than conformance specifications [Rule 29(2)].
- III. Tenders, proposals or quotation can be rejected if it exceeds the realistic officials estimate [Rule 33(2)]. If market price is in conformity with the quoted price rejection is not mandatory [Rule 33(3)] (GOB, 2008).
- IV. Lowest evaluated Tender or lowest price shall be recommended for award or contract [Rule 86(3)]. Evaluation report of procurement shall list in ascending order on basis of cost or on the basis of lowest evaluated price [Rule 98(3) a, 98(17)].

¹⁵ Sections means section of the Public Procurement Act 2006

¹⁶ Rules mean rule of the Public Procurement Rules 2008

- V. To determining successful tenderer responsiveness against evaluation criteria and lowest tender cost is the prime consideration [Rule 98(2)] (GOB, 2008).

Social: As discussed earlier in this chapter that social factors include social justice and equity; safety and security; human rights, gender and employment conditions etc. PPA and PPR impacted social factors in many ways.

- I. Rule 15(2) of PPR enable the Procuring Entity to take into account the availability of the relevant Goods in the local market; (b) quality, sources and brand of the Goods available in the local market; (c) price levels of the designated Goods;(d) Risks related to supply in the local and international markets when determining the method of Procurement and consolidating of Goods packages. According to rule 15(7), Capacity of the local contractors play important principle In the case of determining the method of Procurement for Works;
- II. Collaborative relationship among the stakeholder is important in ensuring social justice and equity. PPR 29(5) enable the Procuring Entities to prepare the specifications in close cooperation with the concerned user or beneficiary of the Goods or Works or Service;
- III. Rule 73(2) provides the importance of technical, social or economic grounds for Tender Evaluation Committee to may recommend an award to a Tenderer which is not submitted the lowest priced quotation in case of Request for quotation method¹⁷ ;
- IV. Domestic Preference also provide in the PPR rule 83(1)e that Suppliers and Contractors in the local market can be given a price advantage over their international competitors for the purpose of promoting domestic products or industries.
- V. In hiring consultant social charges like remuneration cannot be negotiated. A Proposal Evaluation Committee shall neither seek nor permit changes in the rates quoted for staff remuneration proposed by an Applicant in selection methods where the Applicant's price is used as a factor in the evaluation according to Rule 122 (4);
- VI. Non price factors can be considered in the evaluation of tender. In the extremely unlikely event that there is a tie for the lowest evaluated price, the Tenderer with the superior past performance with the Procuring Entity shall be selected, whereby factors such as delivery

¹⁷ According to PPR there is different procurement method like Open Tendering Method, Limited Tendering Method, Request for Quotation Method, Direct Procurement Method, Two Stage Tendering Method, One Stage Two Envelope Method for Goods and Works

period, quality of Goods or Works delivered, litigation history and performance indicators could be taken into consideration which is given in the 98(31) of PPR.

Environmental: Environmental factors include emissions to air, land and water, climate change, biodiversity, natural resource use and water scarcity over the whole product life cycle etc. Rule 111 (5) which is applicable For Design Contest Selection provide that Evaluation criteria may include innovation, aesthetic content, adequate blending with the surroundings, efficient use of the available space, attractiveness for the potential users, incorporation of energy savings and other environmentally friendly considerations, revenue generation potential, if any, and estimated construction cost.

Above issues related to sustainability discussed on the basis of direct provision which given in the Public Procurement Rules. But PPA and PPR does not limit the procuring entity to include sustainability criteria in Tender Evaluation. Some Standard Tender Document(STD) which is mandatory to use in procurement processing issued by Central Procurement Technical Unit contained different sustainability issues like health and safety of the workers; not to perform work on the site on the weekly holidays, or during night or outside the normal working hours, or on any religious or public holiday; comply with relevant labour laws relating to employment, health, safety, welfare, immigration, reasonable wages and on time payment of wages, excluding child labour, economic exploitation etc. Regarding environmental issues STD provides guidance to contractor that they should take all reasonable steps to protect the environment on and off the Site and to avoid damage or nuisance to persons or to property of the public or others resulting from pollution, noise or other causes arising as a consequence of the Contractors methods of operation during execution and completion of works (Kamruzzaman, 2012).

3.5 Sustainability in PPP

Policy and Strategy for Public Private Partnership (PPP) 2010 identify some sector invest in economic, social and environmental sector (GOB, 2010). PPP screening manual also consider that “To attract private sector partners the project must be ‘financially viable’ for the private investor and ‘bankable’ to enable financing to be secured. The project should be of ‘sufficient size’ to ensure that the transaction delivery costs are not disproportionate to the project size.

Finally it is crucial to ensure that the project is ‘implementable’ taking into consideration stakeholder, environment and social and linked project issues” (GOB, 2013).

PPP Unsolicited Proposal Procedures 2014 emphasis on “The Line Ministry/Contracting Authority will review the Unsolicited Proposal to determine whether the proposed project meets with their sector development plans and is likely to deliver a positive socio-economic benefit.”[Section 8(a)]. Procedures also made provision that unsolicited proposal includes feasibility study with Technical Proposal, Financial Proposal and Environmental and Social Safeguards; [Section 6(iii)] (GOB, 2014).

3.6 Maturity levels of Sustainable Public Procurement in Bangladesh

UNEP in its publication “*The Impacts of Sustainable Procurement: Eight illustrative case studies*” provide a table to understand maturity levels for Sustainable Public Procurement in national level. On the basis of political willingness, adoption of a global strategy, knowledge of Sustainable Public Procurement, legal framework, monitoring and market readiness UNEP identifies THREE level of maturity namely i) Lack of maturity ii) Intermediate/low level of maturity and iii) High Level of maturity (UNEP, 2012).

Table 3: Maturity levels of Sustainable Public Procurement

Key elements	Lack of maturity	Intermediate/low level of maturity	High level of maturity
Political willingness	Lack of political support. SPP is a low priority.	There is a political will to promote / test sustainable public procurement, however initiatives are in the pilot phase and cannot rely yet on a more comprehensive approach (eg, national action plan).	There is a strong political will to promote sustainable public procurement.
Adoption of a global strategy		SPP activities are undertaken without long term perspectives and are not integrated in overarching sustainable development or green economy strategies	SPP is part of a more comprehensive approach and embedded in overarching strategies.
Knowledge of SPP	There is very little awareness and understanding of the concepts of sustainable public procurement.	Actors engaged with sustainable public procurement issues have little experience and expertise in that field.	Actors have a good experience of sustainable public procurement.
Legal framework	Legal frameworks do not specifically promote the inclusion of environmental and social criteria into the procurement process	Legal frameworks partially promote the inclusion of environmental and social criteria into the procurement process	The legislation promotes the inclusion of social and environmental criteria into the procurement process
Monitoring		SPP activities are partially monitored. Impacts of SPP activities are not assessed.	Monitoring systems are initiated.
Market readiness	The supply of green products is limited.	Increasing supply and availability of sustainable goods and services	The offer on the market is solid and standardized.

[Source: Adapted from *The Impacts of Sustainable Procurement: Eight illustrative case studies* (UNEP, 2012)]

From Initial discussion from this chapter with previous chapters study can assess the maturity level of sustainable procurement in Bangladesh.

1. Political willingness: In Bangladesh though there are plethora of laws and regulations guiding the sustainable development, environmental management, there is no strong political support for SPP (Ahammed, 2013). The study observes that CPTU or PPP office does not issue and SPP policy or strategy rather support on cost based criteria. So in this element lack of maturity exists in Bangladesh.
2. Adoption of Global Strategy: In this element two levels is suggested by UNEP where lack of maturity level excluded. SPP activities in Bangladesh procurement rules

undertaken without long perspective and are not integrated in overarching sustainable development or green economy strategy. So in this element Bangladesh attain low level of maturity.

3. Knowledge of SPP: In Bangladesh there is very little awareness and understanding of the concept of Sustainable Public Procurement because there is no such initiative by the CPTU or PPP office. In this element Bangladesh shows lack of maturity.
4. Legal Framework: In Bangladesh there is no legal framework which specifically promotes the inclusion of environmental and social criteria into the procurement process. So lack of maturity is persists there.
5. Monitoring: Lack of maturity also present in this element. There is no such monitoring that procurement activities ensure sustainability.
6. Market readiness: The Supply of Green products are limited in Bangladesh. So market readiness characterized by the lack of maturity.

For Quick view, maturity level can be shown in the following table:

Table 4: Maturity Level of Sustainable Public Procurement in Bangladesh

Key Elements	Lack of Maturity	Intermediate/ Low level of maturity	High Level of Maturity
Political willingness	✓		
Adoption of a global Strategy		✓	
Knowledge of SPP	✓		
Legal Framework	✓		
Monitoring		✓	
Market readiness	✓		

So Bangladesh need to develop every element of maturity level and should take initiative to achieve high level of maturity.

3.7 Procurement Process and Diminishing Sustainability Opportunity

A buyer ability to influence cost, performance and sustainability declines as the procurement process progresses. To maximise opportunities for sustainability, it should be considered from the very outset of the procurement process (Forum for the Future, 2007).

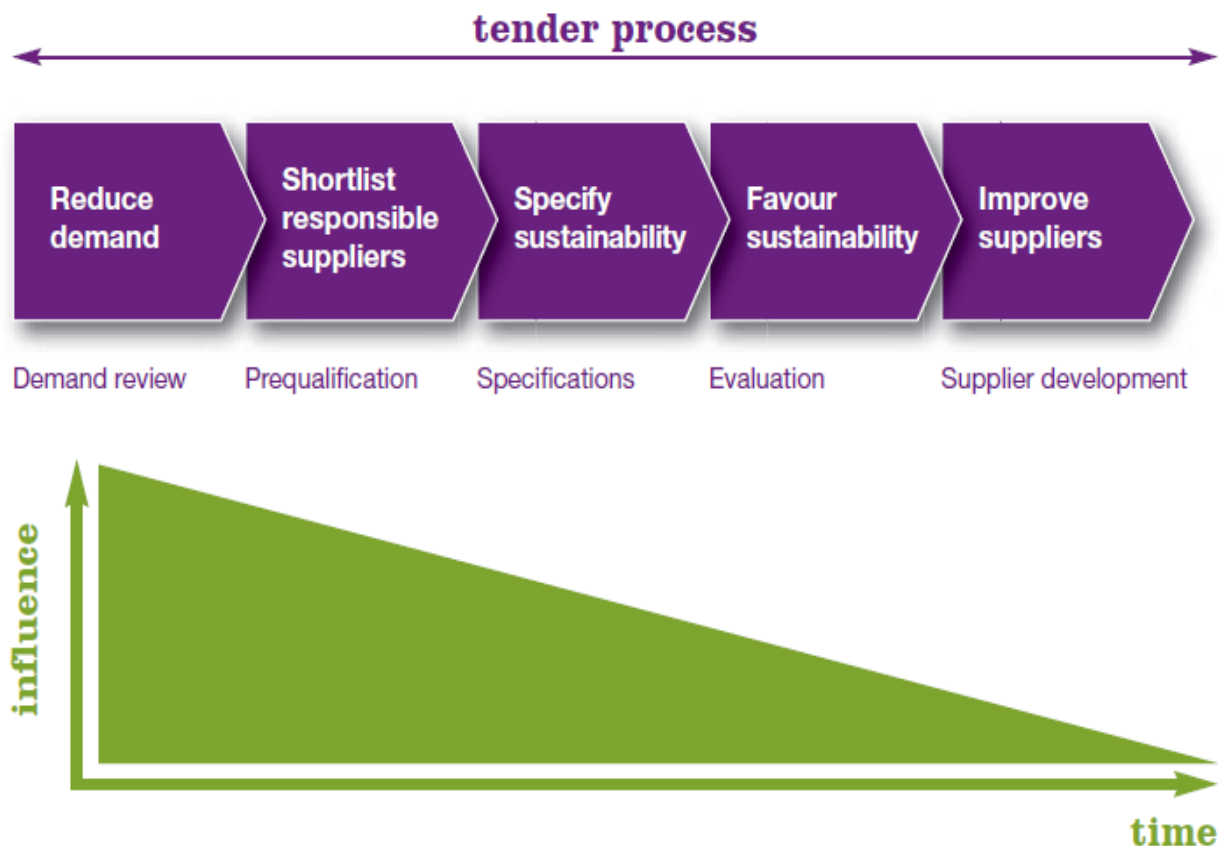


Figure 5: Procurement Process and diminishing sustainability opportunity

[Source: Adapted from "Buying a better world: sustainable public procurement" (Forum for the Future, 2007)]

A sustainability gain in procurement varies process to process. It is highest in the initial stage of procurement where lowest in utilisation stage.

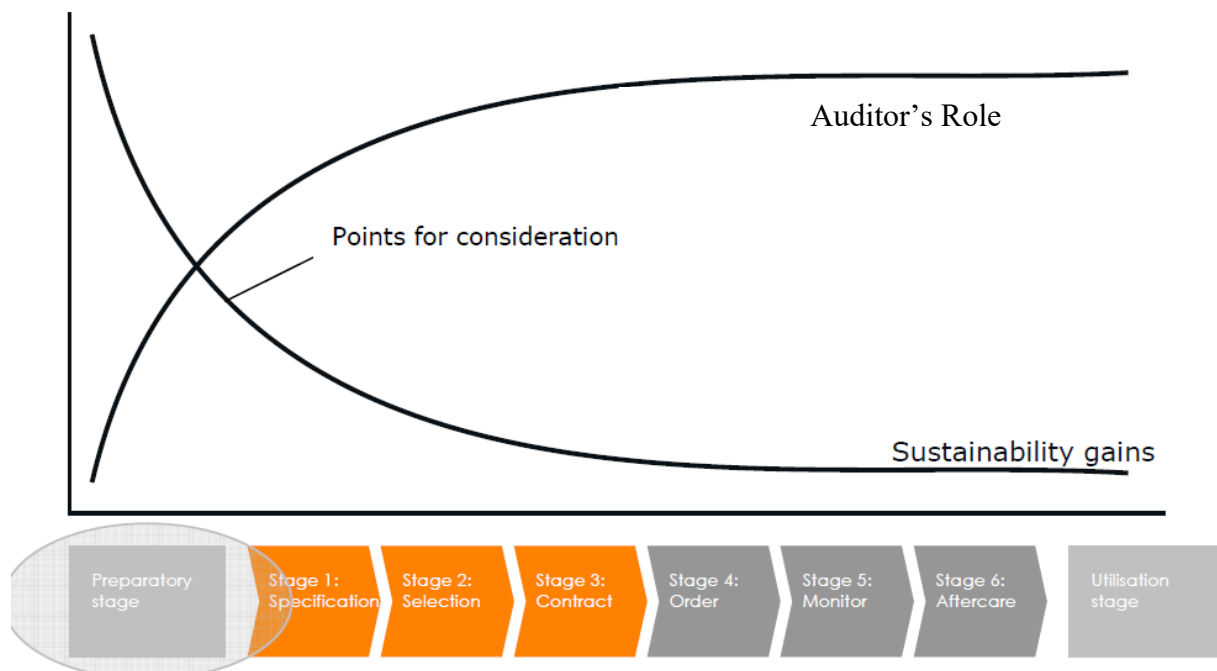


Figure 6: Procurement Process and Sustainability Gains

[Source: Drawn based on (The Ministry of Infrastructure and the Environment (I&M), Netharland, 2011)]

SAIs has to ensure the procurement process gain sustainability in the full process of procurement. SAIs can undertake judicial reviews or investigations into the use of public resources when the public interest is at stake (INTOSAI, 2013). SAIs is also conducting assessments of irregularities to target financial impropriety, fraud and corruption that hinder a government's ability to provide policies for the benefit of citizens. Further tasks include conducting elections audits, public procurement audits and forensic audits in relation to corruption and fraud investigations (OECD, 2014).

3.8 Conclusion

On 17 June 2012, at Sustainable Development Dialogue in Rio, Gro Harlem Brundtland said “*it is vital to promote sustainable public procurement as catalysts for change, to redirect unsustainable production and consumption patterns*”. Hence, sustainable public procurement does not call for an additional workload, but rather a new way of thinking and working on

already existing activities (Perera & Colverson, 2012). Sustainability is a journey towards balance between economic, social and environmental needs. (Berry, 2011). In other way Good procurement is sustainable procurement (UNEP, 2012a). Bangladesh should explore the benefit sustainable public procurement. SPP will have the opportunity to Contribute to the delivery of a wide range of national policy objectives; Improve environmental performance; Deliver financial benefits; and Develop markets for more sustainable products and services. (UNEP, 2012a).

CHAPTER 4: SAI BANGLADESH AND ACTIVITIES TOWARDS TO SUSTAINABLE DEVELOPMENT AND SUSTAINABLE PROCUREMENT

	Chapter Contents
4.1	<i>Introduction</i>
4.2	<i>Supreme Audit Institutions (SAI)</i>
4.3	<i>SAI Bangladesh</i>
4.4	<i>Evolution and Trends in Environmental Audit</i>
4.5	<i>Environmental Audit in Bangladesh: Present Status</i>
4.6	<i>Environmental Audit and its Criteria</i>
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4.8	<i>Conclusion</i>

CHAPTER 4

SAI BANGLADESH AND ACTIVITIES TOWARDS TO SUSTAINABLE DEVELOPMENT AND SUSTAINABLE PROCUREMENT

4.1 Introduction:

Sustainable procurement is not different or separate process to the traditional procurement process; it is an essential process of procurement. It merely considers additional factors and tries to maximize economic, social and environmental benefits for organisation, supply chain and society. It looks beyond the conventional criteria of price, quality and service with a view to wider benefit to the present generation and future world (Berry, 2011) . Supreme Audit Institution as its day to day responsibility should not avoid responsibility to audit sustainable development activities as well as procurement functions.

4.2 Supreme Audit Institutions (SAI)

Supreme Audit Institutions are independent organisation that audit governments. It is basically national audit office of any country. SAI s have specialized knowledge, ability and authority to perform the audit of government activities and ensure proper and effective use of public funds, develop the sound financial and administrative management. Every SAI play the role of link among citizen, public servants, parliament and other stakeholders through preparation and publication of audit report. All over the world SAIs have different name and status. There are three common models of SAIs or national audit offices that reflect their political origin.

- ✓ Westminster or Anglo-Saxon model: In this model SAIs called ‘Audit Office’, ‘Auditor General Office’, Comptroller and Auditor General Office.
- ✓ Judicial or Napoleonic model: This model SAIs called ‘Courts of Audit’, ‘Courts of Accounts’ etc.
- ✓ Board or Collegiate model: Her SAIs called ‘Board of Audit’ (INTOSAI-WGEA, 2007).

Some writers identify the two basic types of SAI such as (i) The Court Model and (ii) The Auditor General Model (Stapenhurst & Titsworth, 2001). There are many variations of these models and a number of hybrids, several distinctions are common in the SAI. In the court model

SAI has both judicial and administrative authority. On the other hand Westminster or Auditor general model the Auditor general office is an independent body that reports to parliament. The relationship between parliament and the audit institutions varies between systems. Sometimes SAIs may also be called as Comptrollers, Tribunals, and Chamber etc. One thing is common for every SAI that they have diverse mandate to perform their audit of government bodies and access to their information. As part of good governance, accountability and transparency SAIs also audit their government’s environmental activity all over the world. It is not necessary to have specific, explicit environmental mandate to audit environmental activities or issues. Generally, three major types of audit are used in public sector auditing. All types of audit i.e. financial, compliance and performance audit can addresses environmental, natural resource, and sustainable development issues.

4.3 SAI Bangladesh

As Bangladesh follows the Westminster model of democracy its Supreme Audit Institution also follows Westminster or Auditor General Model of audit which provides Comptroller and Auditor general of Bangladesh to submits periodic reports to the Parliament. SAI Bangladesh is headed by the Comptroller and Auditor General (CAG) of Bangladesh. The constitution of the country entrusted power, authority and responsibility to the Comptroller and Auditor General to make government accountable to the people (GOB, 2011).

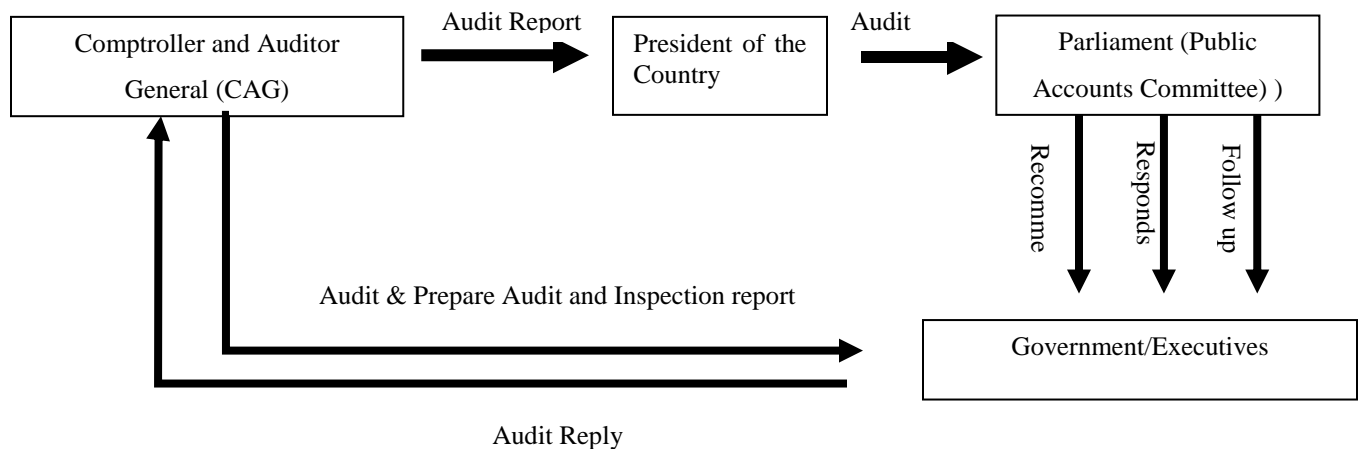


Figure 7: SAI Bangladesh and Functional Relationship with Government and Parliament (Drawn on based on present practice of OCAG and Public Accounts Committee.

Articles 127 to 132 of the Constitution spelled out the responsibilities and powers of the CAG who is appointed by the President of the country. The office of CAG (OCAG) is responsible for auditing all government receipts and public spending in government offices, public bodies, and statutory organizations. The CAG has the complete authority to decide the manner and form, in which the government accounts are maintained and to be disclosed (GOB, 2011). In Bangladesh articles 127-132 of the constitution are the sources of all authority of CAG. From these constitutional provisions CAG of Bangladesh is authorized to prepare appropriation accounts as well as audit reports. According to the constitution CAG office submit all report to the parliament through the president.

SAI Bangladesh is organised into ten Audit Directorates and there accounting circles.

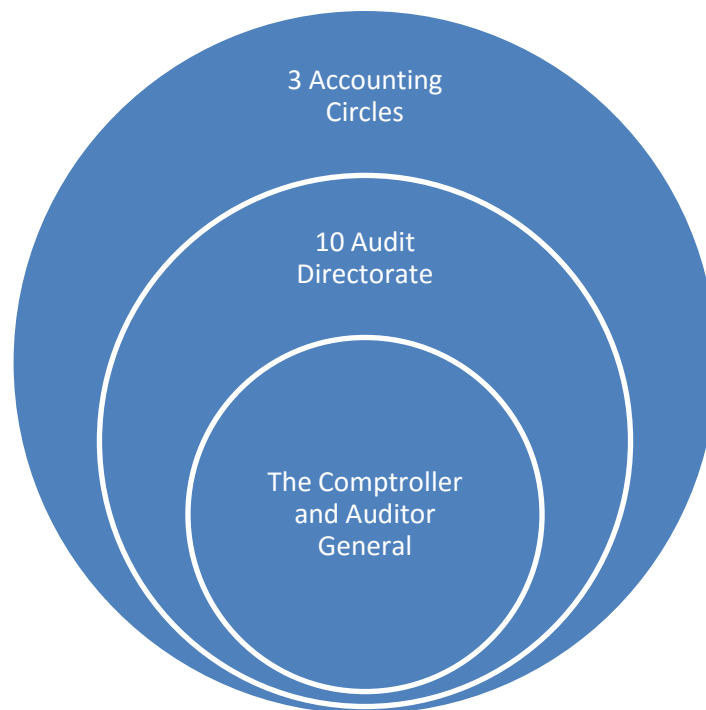


Figure 8: Schematic functional relationship of different organ of CAG office

4.3.1 Functional units of SAI Bangladesh

Functions of SAI Bangladesh describes below as their present activities organised in following ways

- (a) **The Office of the Comptroller and Auditor General (OCAG):** This is basically secretariat of responsible for making policy decisions, preparation of strategic plan for audit, approval of audit plan, programmes, regulations, managing people under them, processing and approval of all types of Audit Reports and submission to the President for laying in the Parliament. The OCAG also support PAC activities since its inception.
- (b) **Audit Directorates** headed by a Director General (DG) are the basic unit of OCAG primarily through which the CAG discharges its constitutional responsibilities. The ten Audit Directorates are responsible for audit of all government departments, public commercial undertakings including banks, local bodies and authorities, academic and other institutions and all public entities.

Table 5: Functional Organisation in OCAG

Sl. No.	Name of the Directorate	Auditing Jurisdiction
1	Commercial Audit Directorate	All public sector entities and state owned enterprises including nationalizes commercial banks and financial institutions, autonomous and semi autonomous and public holding companies.
2	Local and Revenue Audit Directorate	All civil government department, local and statutory bodies including municipalities, city corporations, universities and National Board of Revenue (NBR)
3	Civil Audit Directorates	Office of the Controller General of Accounts and all subordinate offices of various levels under CGA
4	Works Audit Directorates	Public works expenditure of the Public Works Department, Roads and Highways Department, Water Development Board, Power Development Board, Electric Supply Authority, Water and Sewerage Authority, Civil Aviation Authority, Local Government Engineering Department, Education Engineering Department, Public health Engineering Department and City Development Authority
5	Foreign Aided Projects Audit Directorates	All developmental and technical assistance programme and projects in the public sector funded through foreign aids.
6	Railway Audit Directorate	All establishment of national Railway, office of the Additional Director general (Finance) and all subordinate offices under him
7	Post, Telephone	All establishment of Postal Department, Telecommunication

Sl. No.	Name of the Directorate	Auditing Jurisdiction
	Science and Technology audit Directorate	including Regularity Commission and the Accounts offices
8	Defense Audit Directorate	All units of Army, Navy and Air force, Department of Meteorology, Geographical Survey of the country, Controller General of Defense Accounts and all subordinate offices under it.
9	Mission Audit Directorate	All overseas missions under Ministry of Foreign affairs, National Banks, Shipping Corporations and Biman (National Air Carrier) operating from abroad.
10.	Performance Audit Directorate	Performance Audit of selected bodies.

[Source: Table Based on “Public Financial Management: The Role of Supreme Audit Institution (SAI) of Bangladesh- Issues and Challenges” (Hakeem, 2013)].

- (c) **Financial Management Academy (FIMA)**, responsible for imparting training and up gradation of skills of the staff and the officers of SAI Bangladesh.
- (d) **Bangladesh Railway Finance and Accounts Department**, headed by an Additional Director General, responsible for keeping the accounts of railway department, preparing appropriation accounts, preparing financial statements and pre-audit activities.
- (e) **Defense Finance Department**, headed by Controller General of Defense Finance (CGDF) responsible for keeping accounts of defense formation, preparation of their financial statements and discharging the pre-audit activities.
- (f) **Controller General of Accounts (CGA)** is responsible for preparing monthly accounts and finance and appropriation accounts of the Government of Bangladesh and their submission to the C&AG for approval, besides some pre-audit activities. The CGA functionally reports to the Finance Department but is under the administrative control of CAG.

4.4 Evolution and Trends in Environmental Audit

Now a day's environmental governance become key issues for everybody -government, policy maker, NGO, civil society and citizens. Here trends in environmental audit discussed for last five decades.

1970s: In the year 1972, the United Nations Conference on the Human Environment held in Stockholm, Sweden and United Nation Environmental Programme (UNEP) established for global environmental leadership. The 70 was also time of significant change in the auditing world (INTOSAI WGEA, 2007). Performance auditing becomes the responsibility of SAIs. SAIs performed audit to determine economy, efficiency and effectiveness of the government activity. As governments increased their environmental activities, it increases SAIs audit coverage.

1980s: In the 1980s the term sustainable development becomes popular. World commission on the Environment and Development released (1987) direction for sustainable development called "Our Common Future". It is a defining document and reference point for environmental cooperation. The Vienna Convention for the Protection of Ozone Layer (1988) and Montreal Protocol on Substances that Deplete the Ozone Layer (1989) negotiated in this period. The proliferation of international and domestic environmental policy, increase the huge involvement of government fund in the environmental programme SAIs obliged to audit in the area of the environment. But environmental audit mainly focused on environmental department and ministries.

1990s: This was period of increased globalisation. Intergovernmental Panel on Climate Change (IPCC) issues their first assessment (1990), Un Earth Summit and Agenda 21 adopted (1992), UN Frame work for Climate Change (1994) forced SAI to conduct cooperative environmental audit to assess the cross border environmental issues.

2000s: UN millennium declaration (2000), the world summit on Sustainable Development (2002) and Kyoto Protocol (2005) are significant event of first decade of 21st Century. These three events influenced the SAIs to more effort to conduct environmental audit. At least 2000 environmentally-themed audits have been reported on the INTOSAI-WGEA website.

4.5 Environmental Audit in Bangladesh: Present Status

SAI Bangladesh has a broad mandate which extends over the entire gamut of public expenditure and receipts and covers different types of audit. The mandate gives him the authority to decide his methodology, form, content and timing of submission of his reports. SAI Bangladesh performed mainly compliance audit with financial audit and performance audit. SAI Bangladesh has done some environmental audit.

According to UNEP report *Bangladesh: State of Environment 2001*¹⁸ the potential key issues of environment in Bangladesh are as follows.

- ✓ Land degradation
- ✓ Water pollution and Scarcity
- ✓ Air pollution
- ✓ Biodiversity
- ✓ Natural Disaster.

All the environmental issues have impact on ecology, health, development and quality of life. Government has the legal and political authority to ensure quality environment for the people of the country. As a government auditor SAI Bangladesh has wider role to oversee the government activity towards environmental management and sustainable development. SAI Bangladesh is committed to support the sustainable development process through environmental audit. SAI Bangladesh is an active member of INTOSAI. SAI Bangladesh looking for awareness building in Environmental auditing and skill formation of SAI. SAI Bangladesh conducted Performance audit as well as environmental audit which are related to sustainability are as follows:

1. Environmental Audit on Waste Management of Dhaka City Corporation in Year 2004
2. Performance Audit on “ Bio diversity of Saint Martin Island FY 2006-2007
3. Ministry Wide System Based Audit on Ministry of Environment and Forest (With assistance of FMRP Project) FY 2007-08

¹⁸ UNEP *Bangladesh: State of Environment, 2001*

<http://www.rrcap.unep.org/pub/soe/bangladeshsoe.cfm>

4. Performance Audit on Forest Management (With the help of SCOPE) FY 2011-12
5. Performance Audit on Harvesting of Sundarban (With the help of IDI) FY 2010-11 (Hakeem, 2013).

4.5.1. Environmental Audit on Waste Management of Dhaka City Corporation

As per instruction of CAG office first environmental audit done in 2004 on waste management of Dhaka City Corporation. Local Audit Report submitted to the concerned authority. Bangladesh attended¹⁹ in the 9th meeting of INTOSAI WGEA was held in Brasilia, Brazil from May 30 to June 4, 2004 including 100 delegates and 44 member countries of INTOSAI. The then Comptroller and Auditor General of Bangladesh presented a paper titled "SAI Bangladesh faces new challenges: Outcome of wastes audit on Dhaka City Corporation"²⁰ based on this audit report.

1. The objectives of the audit was

- ✓ Determine the direct and indirect impact of poor waste management.
- ✓ Collection method of hazardous waste whether it is done by separate method
- ✓ Causes of unplanned dumping and land filling of waste
- ✓ Assess the impact of waste site on human habitat
- ✓ Determine the weakness of waste site
- ✓ Weak side Waste collection and transportation
- ✓ Recommendation to overcome the limitation of DCC

2. Scope of the Audit:

- ✓ Analysis the policy and procedures of waste management of DCC
- ✓ Study on DCC ordinance 1993
- ✓ Budget analysis

¹⁹ In this meeting Bangladesh represented by Asif Ali Comptroller and Auditor General of Bangladesh, accompanied by Mr Ahsan Abdullah(Member of BCS Audit & Accounts Service, Now Deputy Secretary working as Director BANBEIS) the team leader of first Environmental audit team.

²⁰ The Daily Star, Vol.5 Num 382, Fri, June24,2005 Environmental auditing: Supporting sustainable development by Asif Ali.

- ✓ Reality of present human resource and equipment
- ✓ Analysis the total waste management system of DCC

The local audit report contained 13 Para. These reports identify the lot of common problem of waste management and its impact on environment, health and habitat.

3. Major findings of the report are as follows

- ✓ Uncontrolled disposal of waste and its direct impact of human health like respiratory disease, carcinoma etc
- ✓ Hazardous waste, solid waste, clinical waste all collected and disposed off in the similar process.
- ✓ No pre-treatment arrangement for clinical and hazardous waste.
- ✓ Poor quality of dumping and land filling. 3 land filling site situated in residential are like Mirpur, Uttara and Matuail . In this site there is no scientific process of disposal. All wastes are dumped on open air, drying in the sun than burned in the fire. In this process Smoke and smell with CO₂ and CO polluted the air seriously and direct impact on public health.
- ✓ Audit team identifies lot of unauthorized land filling site.
- ✓ Identify unauthorized waste site in the down town which unattended by DCC and polluted underground and surface water.
- ✓ Find the system loss in waste transportation. In DCC there are 420 waste containers and 4500 bin. For collection of waste from this container and bin there are 7000 cleaner and sweeper, 224 open truck, 128 container carrier engaged. According to the information of DCC solid waste of DCC is 3000-4000 MT/per day. If 352 vehicles make 3 trip per day, per trip more than 1400 MT waste can be transported, in this way they can carried all the waste of Dhaka. But uncollected waste is the indication of system loss or data inconsistency supplied by Dhaka City Corporation.
- ✓ DCC ordinance 1993 is not sufficient for present complex waste management Dhaka City Corporation. This ordinance does not include anything about industrial and clinical waste.

- ✓ No recycling plant in Dhaka City Corporation.

4. Response of the Auditee regarding the Environmental Audit of Waste Management:

Environmental audit is new for SAI Bangladesh and also for Dhaka City Corporation. But the outcome of the audit is milestone of its history. Authority of Dhaka City Corporation agreed²¹ to develop a Master Plan for waste management. Now Master plan (2005-2015) project of DCC going on. They agreed to develop their dumping and land filling system. They promised to take initiatives for building awareness in the 88 wards of DCC for avoids unauthorised dumping.

4.5.2 Environmental Audit of Saint Martin's Islands

This is the second attempt of environmental audit by the SAI Bangladesh. This audit basically environmental audit about the status and development of St Martin's Islands special reference to Natural Environment, Conservation of Biodiversity and Tourism. It is a performance evaluation of the project named "Conservation of Biodiversity, Marine Park Establishment and Eco tourism Development at St Martin's Island" of Ministry of Forest and Environment.

St Martin's Island declared as an 'Ecologically Critical Area'²². The main objectives of the audited project are as follows:

- ✓ Conserve the ecologically important molluscan and coral bearing Island of the country.
- ✓ Conserve other flora and fauna of the Island.
- ✓ Development of Marine Turtle Breeding Ground
- ✓ Develop eco tourism and Marine Park
- ✓ Improve Socio economic status of the people of Island.
- ✓ Establish a Marine laboratory to facilitate research on Biodiversity of the Island.
- ✓ Establish necessary institutional set up.

This project started in FY²³ 01-02 and extended up to FY06-07 and estimated cost was BDT 1300.31 lacs.

²¹ Minutes of bi partied Meeting with DCC and LAD on 15/06/2008 presided by DS(Audit) of Ministry of LGED.

²² According to article 5(1) of Bangladesh Environmental Conservation Act '1995 (Act I of 1995) on 19th April 1999 it is declared as an Ecologically Critical Area.

Major Findings of the Audit: As the objectives of the performance Audit the audit finding emphasised on the status of performance of the project in relation to objectives of the project. According to the audit report none of the objectives achieved by this project. The main findings are as follows:

- ✓ The plans and objectives of the project are not taken rationally.
- ✓ No master plan for protection of Biodiversity.
- ✓ Illegal encroachment of land of ecologically protected area.
- ✓ Project expenditure is based on voucher not reality. Wastage of project money by repairing of unused ship of forest department etc.
- ✓ Participation of peoples of the island absent in the real situation.
- ✓ No initiative for establishment of Eco tourism and Marine Park.
- ✓ In efficient and unnecessary man power and unskilled technical person recruited by the project management.
- ✓ No special and experienced consultation and recommendation taken for the project

Administrative and financial irregularities and management problem leads to project as total failure. That is why Economy, Efficiency and Effectiveness not achieved in this project. The Audit Report already submitted to the President of the People's Republic of Bangladesh²⁴. Due to absence of Public Accounts Committee the response of the policy maker and concerned Ministry yet to received.

4.5.3 . Performance Audit Report on harvesting procedures of Sundarban (Bangladesh)

OCAG of Bangladesh has conducted a performance audit on the Sundarban Reserve Forest in co-operation with the INTOSAI Development Initiative (IDI) as part of the IDI-WGEA capacity building programme for Performance Audits of Environmental Issues in Forestry (2011-12). Sundarban as a largest mangrove forest, World heritage site of UNESCO plays important role in maintaining environmental sustainability and economic development of Bangladesh (Hakeem, 2013).

Audit objectives are

²³ Financial Year started from 1st July ended on 30th June.

²⁴ On December 2007

1. To assess the implementation of existing rules and regulations for harvesting operation procedure
2. To assess the efficiency of Forest Department for controlling the harvesting operations.

Audit Scope

It focused on harvesting of Sundarban, particularly management, supervision, monitoring and reporting activities of office of the Conservator of Forest, Khulna circle. The audit also reviewed the harvesting status of Globate, honey, wax, fisheries resources, wood resources and the poaching of tigers and deer.

Audit criteria

Different legislations (Forest act 1927, Wildlife Preservation Act 1974, Fish Act 1950), policy documents (Forest policy 1994, Integrated resource management plan of Sundarban reserve forest(1998-2010) , transit rule for Sundarban 1959 and executive orders have been considered as audit criteria (Hakeem, 2013).

Audit findings

Audit found the violations of guidelines for globate collection, no diversified use of golpata, unscientific method of collecting honey, improper timing for honey collection etc. Audit also found the use of poisonous insecticides for catching fish, uncontrolled harvesting by banned fishing gear resulting in extinction of various fish species and harvesting without inventory or assessment (Hakeem, 2013).

4.6 Environmental Audit and its Criteria

Environmental Audit is a Systematic, documented verification process of objectively obtaining and evaluating evidence to determine whether specified environmental activities, events, conditions, management systems, or information about these matters conform with audit criteria. International environmental agreements, National environmental policies, strategies, laws acts are the guiding principle for environmental auditing.

1. International Environmental Agreements (IEA): IEAs are major source of guiding principle. Environmental audits touch on a variety of environmental issues which guided by IEA. Such as
 - Biodiversity:
 - ✓ Convention on Biological Diversity,
 - ✓ Ramsar Convention on Wetlands,
 - ✓ Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
 - Waste: Basel Convention on the Control of Tran boundary Movements of Hazardous Wastes and their Disposal.
 - Marine pollution: International Convention for the Prevention of Pollution from Ships (MARPOL).
 - Ozone protection: Montreal Protocol on Substances that Deplete the Ozone Layer.
 - Climate change: Kyoto Protocol to the United Nations Framework Convention on Climate Change.
2. National Environmental Laws and policies: In Bangladesh like other countries there are plethora of laws and policies in force to address the environmental issues, some are stated below
 - The Penal Code of 1860
 - The Code of Criminal Procedure,1889
 - The Smoke Nuisance Act ,1905
 - Bangladesh Environmental Conservation Act, 1995: It is basically flagship legislation in the environment sector. This act exclusively deals with conservation of environment, Improvement of Environmental Standards, control and mitigation of Environmental pollution.
 - The Environmental Conservation Rules,1997

- Conservation of Playing Field, Open space, Garden and Natural Water Body Act,2000
 - Environmental Court Act 2000
 - National Environmental Policy,1992
 - National Sustainable Development Strategy 2013
3. INTOSAI standard and guideline: All Supreme Audit Institutions are member of INTOSAI. In the year 1992, INTOSAI created a Working Group on Environment Auditing (WGEA) which promotes and support environmental auditing in the INTOSAI members through standards, guidelines and publishing research papers.
4. ISO 14000 series: ISO 14000 is a series of voluntary standards and guideline reference documents which include:
- ✓ Environmental Management Systems: 14001,14002,14004
 - ✓ Environmental Auditing: 14010, 10411, 14012
 - ✓ Evaluation of Environmental Performance: 14031
 - ✓ Environmental Labeling: 14020, 14021, 14022, 14023, 14024, 14025
 - ✓ Life Cycle Assessment: 14040,14041,14042,14043.

Many SAI adopted the ISO 14000 series as tool of environmental audit.

4.7 Audit Criteria for SAI Bangladesh

“Bangladesh: Rio+20, National Report on Sustainable Development” listed some policy instrument at that time related to sustainable development (GOB, 2012). On the basis of those list the study list some policy instrument below but this list is not exhaustive.

Table 6: List of Policy Instrument of sustainability

Area	Policy Instruments
<i>Governance</i> (including	The Constitution of the Peoples Republic of Bangladesh. National Sustainable Development Strategy 2013

Area	Policy Instruments
poverty eradication through Sustainable Development)	<p>Sixth Five Year Plan 2011-2015</p> <p>Perspective Plan of Bangladesh 2010-2021, Making Vision into Reality 2021</p> <p>Public Procurement Act 2006</p> <p>Public Procurement Rules 2008</p> <p>Penal Code 1860</p> <p>Anti- Corruption Act, 2004</p> <p>Anti Corruption Commission Act, 2004 (Amended 2011)</p> <p>Unlocking the Potential: National Strategy for Accelerated Poverty Reduction, 2005</p> <p>Code of Criminal Procedure (Amendment) Ordinance, 2007</p> <p>National Strategy for Accelerated Poverty Reduction (NSAPR) -II, 2009-2011</p> <p>Right to Information Act, 2009</p> <p>National ICT Policy, 2009</p> <p>Civil Service Act (draft), 2011</p> <p>GoB Medium Term Budget Framework</p> <p>Citizens' Charter for different ministries and departments</p>
Economic	<p>Seed policy, 1993</p> <p>The National Energy Policy 1995 Policy</p> <p>New Agricultural Extension Policy (NAEP), 1996</p> <p>Seed Rules, 1997</p> <p>National Fishery Policy, 1998</p> <p>National Water Policy, 1999</p> <p>National Agriculture Policy (NAP), 1999</p> <p>Department of Agricultural Extension (DAE)-Strategic Plan, 99-02</p> <p>Agricultural Extension Manual, 1999</p> <p>National Land Use Policy 2001</p>

Area	Policy Instruments
	<p>National Land Use Policy 2001</p> <p>National Jute Policy, 2002</p> <p>Dhaka Building Construction Rules, 2004</p> <p>Coastal Zone Policy (CZP) 2005</p> <p>Agriculture Sector Review- II, 2005</p> <p>Actionable Policy Briefs on Agriculture, 2005</p> <p>National Energy Policy (draft), 2006</p> <p>National Coal Policy (draft), 2007</p> <p>National Livestock Development Policy, 2007</p> <p>National Food Policy Plan of Action , 2008-2015</p> <p>National Water Management Plan (2004, revised)</p> <p>Building Construction Rules, 2008</p> <p>Renewable Energy Policy, 2008</p> <p>National Sustainable Development Strategy, 2009</p> <p>Jalmohal Management Policy, 2009</p> <p>Amendments to Jalmohal Policy, 2009</p> <p>Land Acquisition Law for Padma Bridge, 2009</p> <p>Energy Conservation Act, 2010</p> <p>The Gas Act, 2010</p> <p>Bangladesh Economic Zones Act, 2010</p> <p>Revised Renewable Energy Policy 2011</p> <p>Dhaka Elevated Expressway Project (Land Acquisition) Law, 2011</p> <p>Industrial Policy, 2011</p> <p>Draft Bangladesh Economic Zones Regulations, 2011</p> <p>Sustainable & Renewable Energy Development Authority (SREDA) Act (draft), 2012.</p>

Area	Policy Instruments
	Land Zoning Act (Draft), 2012 National Water Act (draft), 2012 Brick Production Act (draft), 2012 Haor Master Plan, 2012-2032 Coastal Development Strategy Detailed Area Plan
<i>Social</i>	Child & Mother Health Institute Law, 2002 Safe Blood Transfusion Law 2002 National Sanitation Strategy, 2005 The Smoking and Using of Tobacco Products (Control) Act, 2005 The Drugs (Control) (Amendment) Act, Ordinance, 2006 National Policy for Women's Advancement 2008 Comprehensive Early Childhood Care and Development (ECCD) National Education Policy, 2010 Bio- Medical Technology Guidelines, 2010 Bangladesh Medical and Dental Council Act, 2010 International Mother Language Act 2010 Domestic/Family Violence (Prevention and Protection) Act, 2010 Vested Properties Release Act 2011 National Child Policy, 2011 National Women Development Policy, 2011 National Health Policy, 2011 Vested Properties Release Act 2012 (revised)
<i>I</i>	GUIDELINES FROM INTOSAI (WGEA)
1	Guidance on Conducting Audits of Activities With an Environmental Perspective (2001)

Area	Policy Instruments
2	Environmental Audit and Regulatory Auditing (2004)
3	Evolution and Trends in Environmental Auditing (2007)
4	Auditing Biodiversity: Guidance for Supreme Audit Institutions (2007)
5	The World Summit on Sustainable Development: An Audit Guide for Supreme Audit Institutions (2007)
6	Sustainable Development: The Role of Supreme Audit Institutions
6	Auditing Government Response to Climate Change (Draft) (2009)
7	Audit of International Environmental Accords
8	Auditing Multi Lateral Agreements (2009)
9	Improving Governance and Accountability in Environmental Protection (Reference Article)
10	Auditing Water Issues: Experience of Supreme Audit Institutions (2004)
11	Auditing Forests: Guidance for Supreme Audit Institutions (Draft)
12	Auditing Mining: Guidance for Supreme Audit Institutions (Draft)
13	Auditing Sustainable Energy: Guidance for Supreme Audit Institutions (Draft)
14	Auditing Sustainable Fisheries Management: Guidance for Supreme Audit Institutions (Draft)
15	Environmental Accounting: Current Status and Options for SAIs (Draft)
16	Towards Auditing Waste Management (Article)
<i>II</i>	GUIDELINES FROM ASOSAI
<i>I</i>	Guidance on Conducting Environment Audit: 8th ASOSAI Research Project.
<i>III</i>	INTERNATIONAL ASSOCIATIONS/BODIES
1	Assurance on A Greenhouse Gas Statement : International Auditing and Standards Board (IFAC) (Consultation Paper: October: 2009)
2	Adopting to Climate Change in Europe and Central Asia: World Bank
3	Mapping Tourism’s Global Footprint: Tourism and Biodiversity: UNEP (2003)
4	Feeling the Heat: UNFCCC Secretariat

Area	Policy Instruments
5	Fact Sheet: An Introduction to UNFCCC and Kyoto Protocol (UNFCCC Secretariat)
6	Biosafety and the Environment: CBD Secretariat (2003)
7	Our Common Future: Report of the World Commission (Brundtland Commission) on Environment and Development (1987)
8	Intergovernmental Panel on Climate Change (IPCC), Climate Change (2007)
9	IPCC; Assessment Reports (Four Reports)

Source: Based on “Bangladesh: Rio+20, National Report on Sustainable Development” (GOB, 2012)

4.7.1 NSDS: Introducing Sustainable Development Audit

The objective of governance strategy of NSDS is to ensure an effective parliamentary process, sound law and order, pro-people public services, improved legal and judicial system, strengthened local governance, and a corruption-free society with social justice. One of the strategies is *Introducing Sustainable Development Audit*. Final NSDS suggest that Ministry of Finance (MOF) will undertake sustainable development audit. Government tax and expenditure can affect sustainable development differently from development. Sustainable development audit will analyze the impact of government tax and expenditure on sustainable development to guide tax and budget allocation policies. Institutional capacity of Ministry of Finance will be strengthened to undertake this task.

But in the draft NSDS prepared by the Department of Environment (DOE), under Ministry of Environment and Forest identify appropriate approach of Accountability and Deterrence by Strengthening of the Public Accounts Committee and Strengthening of the Comptroller and Auditor General’s Office with others approaches (GOB, 2008). But the approved NSDS clarify the role of Supreme Audit Institution (SAI) of Bangladesh (Comptroller and Auditor General’s Office) who are constitutional body to ensuring accountability of Government. INTOSAI²⁵ stated that drawing upon the experience in auditing financial information, SAIs could have an important role in encouraging better reporting standards issues likely to be pertinent to

²⁵ International Organisation of Supreme Audit Institution

Sustainable Development (INTOSAI, 2004). But why our National strategy does not mention the SAI Bangladesh is not clear in their statement. Though it is said that present NSDS done after a threadbare discussion by the committee involved preparing it (GOB, 2013).

4.8 Conclusion

SAI Bangladesh not in a position to undertake environmental audit on a full scale. Only three environmental audits have been carried out so far. It has carried out some compliance or financial audit on number of project which have impact on environmental management like Bangladesh Arsenic Mitigation Water Supply project, Bangladesh Environmental Technology Verification-Support to arsenic mitigation project, Air Quality Management Project, Sustainable Environmental Management Programme etc (Hakeem, 2013).

CHAPTER 5: STAKEHOLDER VIEW ON SUSTAINABLE PORUCUREMENT AND ROLE OF AUDIT

	Chapter Contents
5.1	<i>Introduction</i>
5.2	<i>Part I: Stakeholder View: Other than OCAG Officials</i>
5.3	<i>Part II: Stkaeholder View: OCAG Officials</i>
5.4	<i>Constraint in Environmental Auditing in Bangladesh</i>

CHAPTER 5

STAKEHOLDERS VIEW ON SUSTAINABLE PROCUREMENT AND ROLE OF AUDIT

5.1 Introduction

In this chapter study analyse the stakeholders of sustainable development activities carried out by the public sectors. Respondents are public officials and SAI officials give their opinion regarding governance framework of sustainable development audit. Separate questionnaire used to understand the stakeholder view. More than forty professionals from public sector with thirty officials from Comptroller and Auditor General Office participated in this process of questionnaire survey.

5.2 Part I: Stakeholder View: Other than OCAG officials

Other than OCAG, audit has huge stakeholders, their view is important in sustainability in public procurement .Official from different executing ministry of NSDS asked some question on auditing sustainable development and public procurement, response from the respondent are analysed below

5.2.1 Organisation best fit for audit of sustainable procurement:

In 2013, Bangladesh approved National Sustainable Development Strategy (2010-2021). Which Organization best fit for audit sustainable procurement across the Government according respondent view 30% of them favouring Comptroller and Auditor General, 30% opined for third party auditor, 25% respondent support executing ministry and only 15% support Ministry of Finance for audit of sustainable procurement.

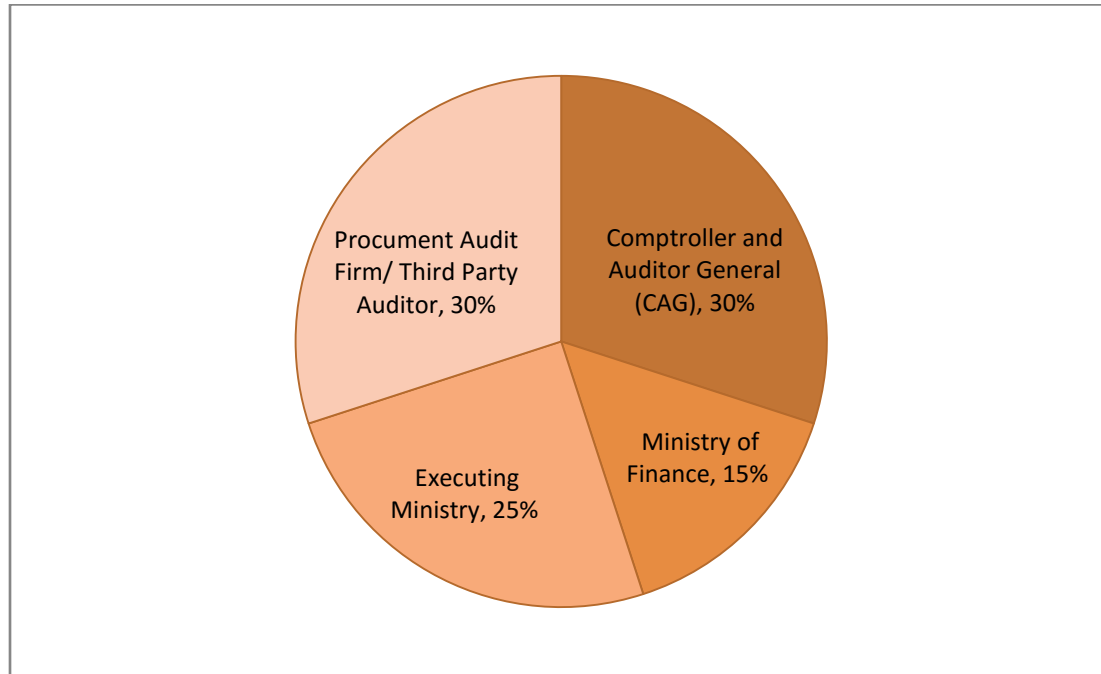


Figure 9: Organisation best fit for audit sustainable procurement [Source: Questionnaire Survey]

Accountants and auditors have traditionally not been associated with the conservation or environmental movement or strategy formulation and implementation. They played role as providers of information, reports, and assurance on government activities and on the basis of SAI's information and reports government took various decisions. That is why SAI role in environmental arena increase day by day. The influence of accountants and auditors comes from their access to financial and performance information. They analyze report and communicate information on which decisions are based and performances of government activities are evaluated. SAIs can play vital role on sustainable development and environmental reporting without distorting existing accounting standards (INTOSAI, 2004).

5.2.2. Effectiveness of Comptroller and Auditor General of Bangladesh:

Effectiveness of audit of Comptroller and Auditor General of Bangladesh in sustainable public procurement assessed here in the scale of 0 to 5. None of the respondent measures the effectiveness as 0 but average effectiveness according to the perception of respondent is 3 i.e. 60% which is greater than average.

5.2.3 Sufficiency in level of present performance in audit done by Comptroller and Auditor General sufficient for sustainable procurement:

Level of present performance measured in the scale of 0 to 5 and responded come up with mixed opinion with 0 to 5 which is significant to measure the level of performance by C&AG in doing sustainable procurement audit. 10% states level of performance in sustainable procurement is 0. They stated different reason like corruption by the auditor, inefficiency of the auditor, lack of knowledge in public procurement, lack of practical experience in public procurement. 5% of responded measure the present performance is 1, 30% think it is 2, 40% think -3, 10% for 4 and only 5% level of performance by auditor general is highest in the scale of measure.

Table 7: Level of present performance

Level of performance	Result
5	5%
4	10%
3	40%
2	30%
1	5%
0	10%

[Source: Questionnaire Survey]

5.2.4 Type of Audit Required for Sustainable Procurement

The respondents asked for which types of audit required to ensure sustainable procurement. Options were Procurement Audit, Environmental Audit, Performance Audit, Compliance Audit, Financial Audit and others. Most of the respondent (40%) gives their opinion favouring procurement audit, then performance audit (30%), 25% give their choice for environmental audit and very few only 5% favoring compliance audit.

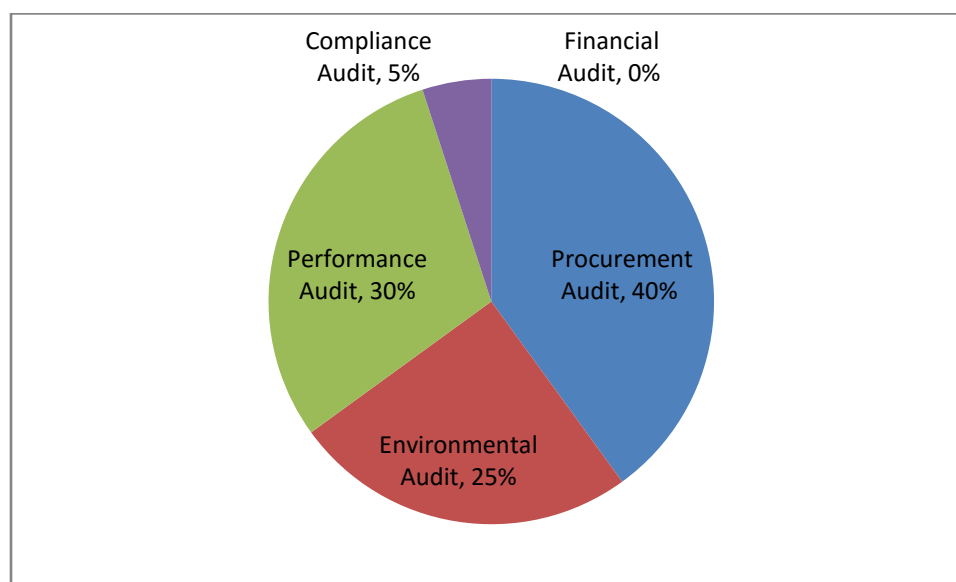


Figure 10: Types of Audit ensuring sustainability in Public procurement; [Source: Questionnaire Survey]

This opinion is similar to ISSAI 5120: *Environmental Audit and Regulatory Auditing* where it is said that a supreme audit institution (SAI) can undertake an audit with an environmental focus using regularity (financial and compliance) mandate. It is not necessary to have a performance audit mandate to conduct an audit with an environmental focus. An SAI may feel that their greatest skills and experience lay in the audit of financial and compliance issues. It would make sense for them to use this experience in an environmental audit. ISSAI-5120 illustrates the possibilities for conducting audits with an environmental focus using a financial and compliance framework (INTOSAI, 2004).

In its paper, *Guidance on Conducting Audits of Activities with an Environmental Perspective*, the Working Group on Environmental Auditing (WGEA) identified three types of audits in which environmental issues can be addressed. These are audits of financial statements, compliance audits and performance audits. (INTOSAI, 2004).

5.2.5 Option(s) to improve role of Comptroller and Auditor General (SAI Bangladesh) to ensuring sustainability in Public Procurement

Most of the responded opted for development of human resource to improve role of CAG to ensuring sustainability. None of the respondents are happy with the ongoing auditing activities of CAG in relation to sustainable procurement. They also recommend for establishing a strategy for

action plan in sustainable procurement audit. Implement best practice of different SAIs also suggested by most of the respondent. Every respondent agreed that SAI Bangladesh have significant role sustainable procurement.

In January,2009 Institute of Governance Studies of BRAC University prepared a background paper on Office of the Comptroller and Auditor General of Bangladesh (IGS, 2009). They showed in their report that strategic apex of the OCAG office lead by Audit and Accounts Cadre of Bangladesh Civil Service. They are only 5% of the total employee of the OCAG. But they played crucial role in the strategic level. They are from different academic background selected through open competition by Public Service Commission of the country.

Table 8: Academic Background of OCAG officials at strategic level

Academic Background	Number of Officer	Percentage
Science	44	20%
Commerce	53	24%
Humanities	65	29%
Social science	37	17%
Agriculture	10	5%
Engineering	7	3%
Medicine	2	1%
Architecture	1	0%
Environmental Science	2	1%

[Source: Based on Annual Report 2007 of OCAG]

Status of employees are categorized and found that 70.5% of the total manpower of the CAG office rests with the class III and IV officials, whom the OCAG selects and appoints. The class II officers, known as superintendent, are mostly promoted officers from class III.

Table 9: Class wise employee segment in OCAG

SL no	Class segment	% of total employee
1	Bangladesh Civil Service (Audit and Accounts)	4.94%
2	Class I other than BCS	10.45%
3	Class II	14.16%
4	Class III	61.52%
5	Class IV	8.93%

[Source: Based on Annual Report 2007 of OCAG]

The minimum qualification for entry in Class III is graduation. Some of them at present have Masters Degree from various disciplines. They conduct the actual field audit. They receive an 8-week long departmental training, including a basic course on auditing before engaging in field audit. It is doubtful how they could learn from such training (IGS, 2009).

Capacity is the “ability of people, organizations and society as a whole to manage their affairs successfully”, and capacity development is “the process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time” (OECD 2006, 12). Capacity is built in organizations, in individuals and in the enabling environment. UNDP identifies four core issues of institutional arrangements, leadership, knowledge, and accountability which influence capacity development. UNDP also identifies the five functional capacities of stakeholder engagement, situation assessment and vision definition, policy and strategy formulation, budgeting, management and implementation, and evaluation which are central to the outcome (OECD 2006a; UNDP 2010).

5.3 Part II: Stakeholder View: OCAG officials

OCAG officials are internal stakeholder in doing sustainability audit. They support sustainability audit with their thoughtful view which give a future directions for sustainable procurement.

5.3.1 Organisation best fit for audit of sustainable procurement

OCAG officials asked for assess the righteous of position of Ministry of Finance as Sustainable development audit. In 2013 Bangladesh approved National Sustainable Development Strategy (2010-2021) where role of sustainable development audit lies with Ministry of finance. Do they think Ministry of finance is in **right position to perform** audit of sustainable development activities? None of the official supports this due to many reasons. Some of the respondent said they have no legal mandate to conduct this where constitution authorise SAI Bangladesh. Some respondent raised question about MOF capacity and capability because they have no institutional knowledge on audit. They added it will not cost effective to make transformational change in the MOF and SAI activities. If MOF decided to establish new capacity in audit, it will take time and have financial implication. Along with financial implication other factors may be impacted on good governance; like corruption, lack of political commitment, bureaucratic resistance, factionalism in public sector, ineffective public management processes and biased civil service

management have provided challenges in governance framework (Sarker, 2004). The conspicuousness of colonial bureaucracies and lack of professional status of the members of civil services, it is argued, has created an unhealthy imbalance in institutional development. This has resulted in premature growth of political agencies. (Khan, 2013). So establishment of new capacity in audit in MOF may create another political agency.

Another important trend found in the Bangladesh Civil Service is the number of people working in different positions. Downsizing has been proposed by many national and international agencies to make the civil service management efficient that will enhance the quality of the services delivered by bureaucrats in this modern globalized era. (Khan, 2013)

5.3.2 Organisation best fit for audit of sustainable procurement

OCAG officials made opinion that Comptroller and Auditor General best fit for audit sustainable development (i.e. sustainable procurement) across the Government is. Very few (only 3%) opined for Third party auditor who possess specialised knowledge in that particular area of public procurement and sustainable development can be hired by the SAI. They also suggest for cross functional working in audit to raise transparency in audit and sharing the knowledge in sustainable public procurement.

5.3.3 Sustainable public procurement audit and OCAG involvement

Generally, SAI Bangladesh perform traditional financial and compliance audit. They conduct very few performance audits. Procurement spending always in their consideration but all three aspects sustainability may not practice by them for this new area arises after NSDS published in 2013 according to the respondent opinion.

5.3.4 Present trends of Environmental Audit and Procurement Audit ensures sustainability in Public Procurement

OCAG officials do not satisfy with present trends of Environmental Audit and Procurement Audit in ensuring sustainability in Public Procurement. In 0 to 5 scale 40% of respondent think give their opinion for 2, 50% said it is 3, and marks in the following scale 0-Lowest and 5 Highest. They are asked to provide reason if they opted for lowest score. Only 10% ranked it 4 but none of the respondent go for extreme highest or lowest performance.

5.3.5 Role of SAI Bangladesh in implementing sustainable public procurement

Respondents from SAI Bangladesh has profound confidence on Comptroller and Auditor General of Bangladesh that it can play effective role in implementing sustainable public Procurement. None of them has lowest confidence, all respondents put highest level evaluation that SAI Bangladesh can play effective role.

5.3.6 Present Trends in audit of sustainable procurement

Respondents from auditor general office do not fully satisfy with present trends in audit of sustainable development. Ninety percents of them put their marks in 3 and 4 with in scale of 5. One participant put zero in present trends because in his opinion except narrow focus on sustainability indicators general aspects of present audit cannot ensure good governance in sustainable procurement.

5.3.7 Types of audit for ensuring sustainable procurement

To ensuring sustainability what should be the type of audit asked to respondent of SAI Bangladesh. Eighty percents of respondent opted for performance audit on sustainable procurement where other types of audit like compliance audit, procurement audit and environmental audit, social audit particularly focus on public procurement.

This opinion from the people of SAI Bangladesh echoed at XV INCOSAI²⁶ summit at Cairo, it was agreed that environmental auditing is, in principle, not different from the audit approach as practiced by SAIs and that it could encompass all types of audit. (INTOSAI, 2001) In this context, audit attention may be devoted to, for example, the disclosure of environmental assets and liabilities, compliance with legislation and conventions – both national and international – as well as to measures instituted by the audited entity to promote economy, efficiency and effectiveness. (INTOSAI, 2001) The full scope of government auditing – regularity (financial and compliance) and performance – also applies to environmental auditing. (INTOSAI, 2001) The full scope of government auditing – regularity (financial and compliance) and performance – also applies to environmental auditing.

5.3.7.1 Environmental aspect in financial audit:

During an audit of financial statements, environmental issues may include the following:

²⁶INCOSAI stands for International Congress of Supreme Audit Institution.

- a. Initiatives to prevent abate or remedy damage to the environment.
- b. The conservation of renewable and non-renewable resources.
- c. The consequences of violating environmental laws and regulations.
- d. The consequences of vicarious liability imposed by the state.

5.3.7.2 Environmental aspect in Compliance audit

Compliance auditing with regard to environmental issues may relate to providing assurance that governmental activities are conducted in accordance with relevant environmental laws, standards and policies, both at national and (where relevant) international levels.

5.3.7.3 Environmental aspect in Performance audit

Performance auditing of environmental activities may include:

- a. Ensuring that indicators of environment-related performance (where contained in public accountability reports) fairly reflect the performance of the audited entity.
- b. Ensuring that environmental programmers are conducted in an economical, efficient and effective manner. (INTOSAI, 2001)

5.3.8 Options for improvement of SAI in ensuring sustainability in Public Procurement

As an example of the governance paradox – despite numerous challenges to good governance Bangladesh made steady progress in achieving Millennium Development goals (UN, 2013). As a constitutional oversight body that has authority to audit of government activities need to be learning organisation²⁷ to cope up with rapid change of public policy. In the new paradigm of sustainable development, global approach of development like MDG impacted on national policy and procedures. That is why SAI cannot be excluded from this change process. Business as usual in SAI may not the options for SAI in this dynamic environment of governance. Respondent also suggested some options as follows to improve the SAIs role:

Human Resource Capacity to audit sustainable procurement and sustainable development.

Adopt and issuance of sustainable procurement audit guidelines for auditor.

²⁷ Organization that acquires knowledge and innovates fast enough to survive and thrive in a rapidly changing environment from <http://www.businessdictionary.com>

Clarification of SAIs rule of audit in line with Sustainable Development Strategy

Implement best practice of different SAI other than Bangladesh

None of the responded said that on-going activities sufficient for ensuring sustainable procurement and against the notion that “There is no role of SAI Bangladesh in implementing sustainable public procurement”.

Bangladesh’s performance with regard to MDG7 remains off-track, making this the only Goal that is unlikely to be met in the country by 2015. (UN, 2013)

While new economic opportunities may arise as a result of Sustainable Consumption and Production adoption, they also will need to be linked with sectors that can absorb a huge labour force and simultaneously accelerate the growth process. At the same time, additional efforts in this regard can be inspired in numerous areas: consumer information; sustainable lifestyles and education; sustainable public procurement; sustainable buildings and construction; and sustainable tourism, including ecotourism. Bangladesh will need to capitalize on these while maintaining its environmental focus. (UN, 2013)

SAIs and their auditors and others who carry out environmental audits should demonstrate at least the following level of expertise and attributes:

- ◆ Adequate knowledge in all respects of auditing and capability of performing financial, compliance and performance audits.
- ◆ Adequate knowledge of environmental auditing acquired by training and practical experience.
- ◆ An independent and unbiased approach.
- ◆ Adequate human relations and communication skills. (INTOSAI, 2001)

The auditor should therefore at least consider the following:

- ◆ The educational background of the expert.
- ◆ The length of time the expert has practised.
- ◆ The relevancy of the expert’s work experience.
- ◆ Accreditation by a professional body. (INTOSAI, 2001)

But SAI Bangladesh have wide experience in compliance auditing but very few number of officer trained in sustainability audit or environmental audit. Seven officials have already been trained environmental audit under different training programmes organised by ASOSAI, iCISA and IDI, three of whom obtained diploma in Environmental audit (Hakeem, 2013)

5.4 Constraint of Environmental Auditing in Bangladesh

Respondent from OCAG officials and other public sector indentify some constraint of environmental or sustainability audit. Those can be discussed in following ways.

- *Inadequate skilled personnel:* In Bangladesh, Comptroller and Auditor general office manned by generalists. Officers' are selected by public Service Commission. Initial qualification for entering in the service of audit department is simply graduation from any subject. Auditors' orientation mainly on financial or regularity audit. Though they are trained in the different audit field after their selection, till date environmental auditor is very few in the SAI Bangladesh to address the complex environmental issues of the country.
- *Inability to measure some environmental aspects:* Environmental aspects are highly technical for general auditor. That is why environmental auditor sometimes unable to measure the environmental aspects.
- *Lack of resources:* In Bangladesh SAI is an independent organisation but they are depends on Ministry of Finance for allocation of financial resources. But according to the constitutions of people's republic of Bangladesh²⁸ SAI's expenditure is charged upon the consolidated fund and shall not be submitted to the vote of Parliament. Though constitution provides huge financial authority independence but in practice initial allocation made by Ministry of Finance. Resource crisis is very
- *Inadequate auditing out-fit:* Though SAI Bangladesh made significant steps in environmental auditing, they yet to establish adequate out-fit to face the challenges of environmental audit. Presently 10 audit directorates of Comptroller and Auditor General Office perform the audit of government activities. There is no separate audit

²⁸ Article 88,89 of The Constitution of the people's republic of Bangladesh.(As Modified upto April,2008)

directorate for environmental audit. Not only that there is no specific section in the Local and revenue audit directorate²⁹ to perform the environmental audit.

- *Absence of rules regulation to hiring experts:* In the SAI Bangladesh there no such rules to hiring expert to audit the technical issues. Auditor general office sometimes seeks voluntary help from different experts but it creates no responsibility. To make the expert responsible there should appropriate rules for their engagement and ensure financial support for them.

²⁹ Responsible to audit all civil government office including ministry of environment and directorate of environment of Bangladesh.

CHAPTER 6: HEAD OF SAI BANGLADESH ON SUSTAINABLE PUBLIC PROCUREMENT

	Chapter Contents
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6.3	<i>Environmental Audit and Sustainability</i>
6.4	<i>Sustainable Procurement Strategy</i>
6.5	<i>Adoption of INTOSAI Guidelines and ISSAI</i>
6.6	<i>Introduction of Sustainable Development Audit</i>
6.7	<i>Briefing or Ruling by SAI on Sustainable Development</i>
6.8	<i>Sustainability Initiatives within SAI Bangladesh</i>

CHAPTER 6

HEAD OF SAI, BANGLADESH ON SUSTAINABLE PUBLIC PROCUREMENT

6.1 Introduction

Comptroller and auditor general (CAG) is the head of SAI Bangladesh. CAG is the officer having highest authority in audit mentioned in the constitution of the People's Republic of Bangladesh. The study got the opportunity to take an in-depth interview of the Present CAG. The present auditor general Mr Masud Ahmed gave his interview on 13th January 2015 with his busy schedule. As head of SAI, his opinion on Sustainable Public Procurement is noteworthy for this study.



Figure 11: Interview of Comptroller and Auditor General

6.2 Role of SAI in Sustainable Development

Bangladesh adopt NSDS in 2013 where strategy indentified five priority sector i.e. (1) Sustained Economic Growth, (2) Development of Priority Sectors, (3) Urban Environment, (4) Social Security and Protection, and Environment, and (5) Natural Resource and Disaster Management. Three cross cutting issues also identified here such as Good Governance, Gender and Disaster Risk Reduction and Climate Change. NSDS suggested required change in existing and upcoming five year plan. According to the information of SAI, 75% of development spend is procurement. So this study took the assumption that if we ensure sustainable public procurement, we can achieve sustainable development. On the other hand, to ensure good governance in sustainable public procurement SAI Bangladesh can play important role. In this context Comptroller and Auditor General of Bangladesh strongly agreed that SAI Bangladesh can play important role in governance of public procurement. He added that, in developing country like Bangladesh where private sector is rising but public sector provide most of the capital for development activities SAI can play important role. Public sector provides capital for goods and service required for public. If audit ensure economy and good governance in public procurement, that resulted in sustainable development. Where procuring entity ensures procurement in lowest evaluated price with appropriate standard, sustainable development can be achieved easily. He cited an example that deterrence impact of audit, that where an infrastructure required proper ratio, but due to bad procurement practice there may be chance of lack of appropriate material mix whether financial involvement varies from small amount to thousands crores of Bangladeshi Taka. When audit influence good practice in process it can ensure good governance in public procurement. When good governance ensured in public procurement, this will ensure sustainable procurement. Finally the objectives of our National Sustainable Development Strategy will be achieved significantly.

6.3 Environmental Audit and Sustainability

Then auditor general asked about the practice of environmental audit by his office. Very few audit i.e. 2-3 audits done on these particular issues. Where SAI India conducted more than hundred of audit related to environmental issues. Auditor General agreed that SAI Bangladesh very few audit in this particular issues. He emphasized on population pressure in Bangladesh

where density of population is likely to 3 times than India. It is the question who impacted on environment. Due to population pressure Bangladesh is far behind required forest cover of 25% of total area. Where there should be green forest to reduce carbon emission, there are human activities which increase green house. Day by day forest is decreasing due to livelihood requirement. We know Bangladesh compromise with environment in some respect due to population pressure. He cited recent example mentioned as big example of Sundarban oil spill³⁰ events. Though there is expert opinion to close the existing navigation channel through this world heritage site, Bangladesh cannot close this channel immediately because it has other social and economic issues. Price of goods carried out through this channel may increase; livelihood of local people will be heavily impacted if government permanently closes this channel without appropriate alternative. He said that due to economic reason (Price of commodity, employment) and social reason (loss of livelihood, unemployment) Government may decide to compromise with environmental issues in some extent. This is not due to legal stand of government or unwillingness by the authority. In present situation Bangladesh has no technical or economical capacity to close this existing route. This is scenario of whole Bangladesh where more than 160 million people live in this tiny area of 56 thousands square miles. So, present trends in compliance audit can't consider all the three aspects of sustainability. Like national culture of development, present focuses of audit mainly in economic and social aspects which reduce the cost or achieve economy in the procurement. It does not focus on social or environmental focus of sustainability. In this scenario auditor general does not ruled out the importance of Environmental audit. He consider more environmental audit which will impact on sustainable environment through increase awareness in sustainable development.

³⁰ On 9 December 2014 an **oil spill** occurred at the Shela River of Sundarbans, Bangladesh, a UNESCO World Heritage site when an oil-tanker named *Southern Star VII*, carrying 350,000 litres (77,000 imp gal; 92,000 US gal) of furnace oil was sunk in the river after it had been hit by a cargo vessel. By December 17, the oil spread over 350 km² (140 sq mi) area. The slick spread to a second river and a network of canals in the Sundarbans and blackened the shoreline. The event was very threatening to trees, plankton, vast populations of small fishes and dolphins. The event occurred at a protected Sundarbans mangrove area, home to rare Irrawaddy and Ganges dolphins. By 12 January 2015 only 70,000 liters (15,000 imp gal; 18,000 US gal) of oil from the area were cleaned up by local residents, Bangladesh Navy and the government of Bangladesh. Though the Sundarbans is still reeling in a catastrophe, the government decided to reopen the route on 06th January 2015 only 26 days after the disaster. It defied recommendations of environmentalists and UN experts.

6.4 Sustainable Procurement Strategy

In the context of sustainable development many developed country adopt sustainable procurement strategy or issuance of sustainable procurement standard. In UK there is sustainable procurement strategy named “Procuring the Future” which is strategic tool of UK sustainable development strategy named “Securing the Future”. Auditor general of Bangladesh asked that does he suggest the authority involve in procurement governance to promulgation of sustainable procurement strategy to ensure sustainable development goal in public sector. In reply of this question auditor general agreed that there should be criteria for sustainable procurement. Present situation of procurement practice does not feasible to enactment of another rule. Unified procurement rule and acts are practice here which ensures uniform practice and consistency in procurement process. Present rule of public procurement is complete one. If the entire stakeholder involved in public procurement like procuring entity, contractor, supplier, consultant, government official, project directors of development project, planning ministry and planning commission and all player of development activities perform their duty diligently existing procurement rule can ensure sustainability in public procurement than previous. Auditor general emphasized on best practice. He gave importance on thriving sustainability but he does favour new strategy immediately. But in long run we can adopt sustainable procurement strategy after attaining the best practice. He said that we should try continuously where we can do fine tuning. His recommendation is echoed the Flexible Framework of UK where there are five thematic area i) People ii) policy, strategy and communication iii) procurement process iv) engaging suppliers and v) measurement and results. In this framework there are five level i) foundation ii) embed iii) practice iv) enhance and v) lead. This step by step process is supported by auditor general for Bangladesh.

6.5 Adoption of INTOSAI³¹ Guidelines and ISSAI³²

INTOSAI issued some ISSAIs like 5110, 5120, 5130, and 5140 for environmental audit or audit of sustainable development. Auditor general asked about adoption of those ISSAI. He agreed

³¹ INTOSAI stands for International Organisation of Supreme Audit Institutions. It is international bodies of supreme audit institution

³² ISSAI is International Standards for Supreme Audit Institution which is voluntary standards for Supreme Audit Institutions across the globe

that SAI Bangladesh should adopt ISSAIs related to sustainable development and environmental audit. Here he considered main obstacles lack of appropriate authority in Human resource. SAI Bangladesh cannot recruit its all official. He is satisfied with the Budget which is given by Finance division. Due to lack of authority in recruitment, in absence of audit act CAG feel for scarcity of skilled people to perform such kind of specialized audit with adoption of ISSAI. But auditor general expects that audit act will come to light in very soon. He echoed the key steps for SAI's undertaking environmental and sustainable procurement audits like i) Clarify mandate ii) Develop Strategy iii) Build Capacity and Expertise iv) Conduct audit v) Learn from experience and vi) Have an Impact. Audit act will clarify the mandate and other steps which ensure efficient sustainable development. Auditor general also said that he conducted need analysis, "twining arrangement" and "peer review" by Indian SAI. SAI India just concluded the peer review of SAI Bangladesh. Auditor General agreed that SAI India ahead of SAI Bangladesh in adoption of best practice and better audit procedures than Bangladesh; that is why peers review is done by them. They evaluated system of audit exist in our SAI and identify our weakness and suggested steps for strengthening our capacity. SAI Bangladesh presently discussed with the SAI India on peer review done by them. SAI Bangladesh have plan for adoption of best practice and implementation of ISSAI as well as learning from experience. Presently SAI has a five year strategic plan for 2013-2-018 with the purview of IDI³³, INTOSAI Guideline According to peer review report existing strategic plan may be realigned with necessity. If the scope of audit of to be increased in substantial level SAI Bangladesh know the required human resource. He added "we know the strategic gap between existing auditing practice or country system of Bangladesh and ISSAI". He emphasized on learning from experience which is a continuous process. CAG also said implementation of any new strategy is difficult one, in 1903, parliament of Britain decide to implement double entry system or accrual system of accounting and instruct Comptroller and Auditor general to implement. Through different process it took 80 years for implementation. Like UK one of development country with best practice need that time, implementing plan in Bangladesh is difficult one that of UK. He mentioned the size of government of Bangladesh is complex than UK. In Bangladesh there are 13000 audit people with 1.6 million government employee. We have to prepare the government as well as SAI people to adopt those developed methodology. SAI Bangladesh on track to adopt ISSAI.

³³ IDI: International Development Initiatives of INTOSAI for capacity development across the globe.

6.6 Introduction of Sustainable Development Audit

In our strategy for sustainable development responsibility of audit of sustainable development lies with Ministry of Finance. NSDS said “Ministry of Finance will undertake sustainable development audit. Government tax and expenditure can affect sustainable development differently from development. Sustainable development audit will analyse the impact of government tax and expenditure on sustainable development to guide tax and budget allocation policies. Institutional capacity of Ministry of Finance will be strengthened to undertake this task.” The study asked auditor general that is it feasible to perform that responsibility by Ministry of Finance instead of office of the comptroller and auditor general or can they play the responsibility properly. Auditor does not agree with this plan he said it is “not feasible” and will be an “unnecessary activities”. He said we audit tax and spend of government and guide the government in related policy matter from its inception. SAI Bangladesh giving audit opinion on NBR activities about tax net those individual and company out of their net and also spending from this revenue and impact of on development. He comments, “I don’t know how ministry of finance performs this task. This expertise belongs to our office. Finance division can’t do this. Though our office is century old, but we face new challenge in every time and learn new things in every day.” He agreed that Ministry of Finance may set criteria for sustainable development and SAI Bangladesh can audit this. But they will be appraised or develop their capacity in audit is not necessary for them. He is not clear about this but he hope ultimately this responsibility will be given to SAI Bangladesh.

6.7 Briefing or Ruling by SAI on Sustainable Development

All over the world different SAI give brief or ruling in government activities. Does SAI Bangladesh consider give government some briefing on sustainable procurement or sustainable development? Considered this question as important one he said that previously SAI Bangladesh as a quasi-judicial body gave ruling on different government policy or executive order prior to issuance of any policy. Exactly such briefing or ruling is not practice in SAI Bangladesh. But presently SAI only give opinion when government asked for and not give suo-moto ruling.

6.8 Sustainability Initiative within SAI Bangladesh

Study like to know from comptroller and auditor as he is the constitutional body to perform audit of wide range of government activities with sustainable development that does he will consider to take sustainable strategy for his office. Office of the Principle Director of Audit (scientific department), New Delhi under SAI India issues a guide like “ways to green your office”. Does auditor general of Bangladesh consider this kind initiative? Study asked auditor general with an example reducing consumption of paper. Most of the offices of SAI now are paper based but every office now connected to OCAG network through using PC or Laptop. They can reduce paper use at least one third in present situation if they do not print unnecessary copy. By this way some sort of sustainability can be achieved by the SAI Bangladesh. Auditors general do agree with such kind of initiative but out present culture official practice may not congenial to such reduction in consumption. Our people are not fully conversant with paperless office or green office practice. But there is always room for improvement he agreed.

CHAPTER 7: SUMMARY FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

	Chapter Contents
7.1	<i>Answer to the Research Questions</i>
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CHAPTER 7

SUMMARY FINDINGS, RECOMMENDATIONS AND CONCLUSION

7.1 Answer to the Research Questions

7.1.1 How SAI played role in sustainable procurement before National Sustainable Development Strategy?

From the literature review it is found that SAIs played its century old rule by making government accountable to the public. Procurement spending is around 75% of total development spending. Auditor general i.e. SAI Bangladesh mostly done compliance audit where they check the procurement entity adhered to rules and regulations. Auditor general agreed that by this way economy is achieved predominantly. After achieving economy other two issues in sustainability i.e. social and environmental aspects will be achieved in consequence of compliance of rules and regulations. By this approach of audit, SAI Bangladesh played role in sustainable public procurement.

7.1.2 What is the present situation of Procurement and Sustainability audit?

Bangladesh is a developing country. In the context of sustainable development, Bangladesh is facing some challenges like population, poverty etc. Most of time she compromises with environmental issues to made balance between economic and social aspects of sustainability. So, present situation of procurement and sustainability audit is at ad per with government activities. Good governance in sustainable procurement is not present here due lack of sustainability culture. Ministry of Finance is not the appropriate authority to perform these functions. Strategic realignment is necessary in NSDS where SAI should be authorised to introduce the sustainability audit.

7.1.3 What should be the actions of SAI to ensuring sustainability in Public Procurement?

From questionnaire survey, expert opinion and in-depth interview identify some area for ensuring sustainability in public procurement.

7.1.3.1 Implementation of existing policy

Bangladesh has plethora of policy related to environmental management, public procurement and sustainable development. Auditor general is not favor promulgation of new sustainable procurement strategy or policy rather he gave his opinion to implementation of existing policy.

Standard tender document used in public procurement may incorporate the sustainability clauses where these should be considered as mandatory clauses.

7.1.3.2 Building Awareness among the stakeholder

Auditor General demand awareness from all kind of stakeholder procuring entity, procurement professional, supplier, contractor, consultant, Auditors, with user and Beneficiaries. All level of stakeholder should be aware about sustainable public procurement then SAI able to play effective role as auditor of sustainable development activities. Following stakeholder given in the figure can be engaged primarily.

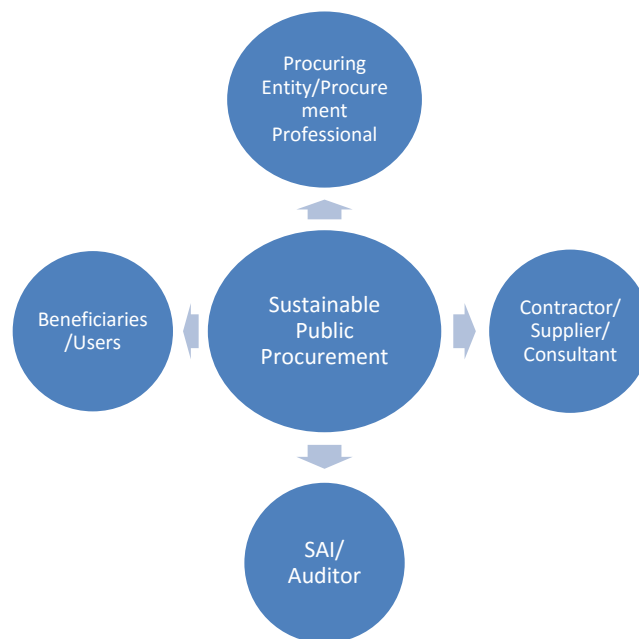


Figure 12: Stakeholders in Sustainable public procurement

7.1.3.3 Capacity Development in SAI Bangladesh

Auditor general emphasis on capacity of people involve in procurement. Auditor general has confidence on people under him. SAI Bangladesh keen to implement different ISSAI in auditing practice in Bangladesh. Due to lack of skilled professional in the SAI Bangladesh who are expert in this new area of sustainable procurement audit, SAI unable to immediate implementation of

ISSAI for Bangladesh. Auditor General hopes that situation will be change after completion of present reform project³⁴ going on within SAI Bangladesh.

7.1.3.4 Sustainable Procurement Policy/Strategy

After adoption of NSDS, Bangladesh should go for Sustainable public procurement. But absence of policy, sustainable public procurement cannot be measured by auditor general properly. So, all the respondent and audit professionals emphasized for sustainable procurement policy. The CPTU or cabinet can go for a strategy and policy for sustainable public procurement. On the basis of this policy SAI Bangladesh can play effective role.

7.1.3.5 Realignment of Public procurement authority

As discussed in the Chapter 3 of this report Public Procurement and PPP are the similar activities with different funding mechanism with different procedures. Regulatory issues of the two processes are lies with two different organisations CPTU and PPP office. OCAG can be vital bodies to evaluate their activities in sustainable development.

7.2 Introduction of Sustainable Development Audit in SAI, Bangladesh.

Bangladesh is committed to Sustainable Development. Once the state is decided to implement the commitment, the way is open for the Supreme Audit Institution to examine that implementation. Following initiative may be taken by the SAI Bangladesh as government auditor:

1. Creation of Working Group for Sustainable development Auditing:

National Sustainable Development Strategy 2013 authorises Ministry of Finance to introduce sustainable development audit in Bangladesh. On the other hand Auditor general thinks this is not feasible and unnecessary where SAI is traditional and capable bodies to perform these responsibilities. SAI Bangladesh can create a working group for

³⁴ Presently there are many donor funded project implemented in SAI Bangladesh. CIDA funded (USD 10 million) Strengthening Control and Oversight of Public Expenditure (SCOPE). In addition, the OCAG receives some support from the four-year, USD 18 million, USAID Promoting Governance, Accountability, Transparency and Integrity project (PROGATI) around improving the effectiveness of relations between the OCAG and Parliament – particularly the Public Accounts Committee (PAC). There is also a major multi-development partner funded project in the pipeline - Public Expenditure Management Programme (SPEMP). This project will have three strands – deepening the medium-term budget framework and strengthening financial accountability, strengthening the OCAG, and strengthening Parliamentary oversight. The multi-development partner trust fund will be managed by the World Bank on behalf of a number of development partners including DFID, DANIDA, the Netherlands, CIDA and the EU and the element of support for the OCAG is expected to be worth some USD 17 million over four years (OECD, 2011)

sustainable development audit in cooperation with Ministry of Finance. Ministry of finance will identify the indicator and target for sustainable development activities and audit will measure the achievement of government. SAI, Bangladesh have some officer with academic background on environment related subject i.e. environmental engineering, environmental science, natural and biological science. They can contribute in this area of sustainable development auditing effectively preparing proper auditing guideline, fill the knowledge gap and establish environmental auditing guideline of INTOSAI and ISSAI.

2. *Establish a separate unit for environmental/sustainable development auditing:* Environmental audit and sustainable development audit are new, complex and technical area in the auditing arena. SAI Bangladesh may establish a separate unit created from existing set up of SAI to address the challenges of environmental auditing and sustainable development auditing.
3. *Hiring Expert:* SAI Bangladesh may hire the environmental expert to help the environmental and sustainable development auditor. They can introduce a compensation package for the external expert.
4. *Continuous Training and Learning Initiative:* SAI Bangladesh can take comprehensive training plan for the environmental auditor. They can introduce continuous learning process for the environmental auditor through seminar, workshop and presentation.
5. *Public Private Partnership:* In Bangladesh with government organisation different NGOs, International organisations, voluntary associations involved in the promoting good environmental governance and sustainable development, SAI Bangladesh can take participatory initiatives to develop their skills in environmental management and sustainable development.
6. *Take the step by step approach:* The Marrakech Task Force³⁵ developed a step-by-step approach that aims to encourage and assist public authorities to pursue green, or sustainable, public procurement. It is a flexible implementing strategy and takes into account the varying needs, priorities and legal frameworks present in different countries.

³⁵ Under the Marrakech Process, “Marrakech Task Forces” (MTFs) have been created with participation of experts from both developed and developing countries for Sustainable consumption and production. Seven Task Forces Created Under this process and one of them is Sustainable Public Procurement. These Task Forces are voluntary initiatives led by countries or a group of countries that – in cooperation with other partners – commit themselves to carrying out a set of activities that support the implementation of SCP.

Depicted in figure 1, the approach ideally starts from the top of the triangle and ends with the implementing of sustainable public procurement (SPP) in day-to-day procedures; the policy plan must receive inputs from a status assessment, a legal review and a market readiness review.

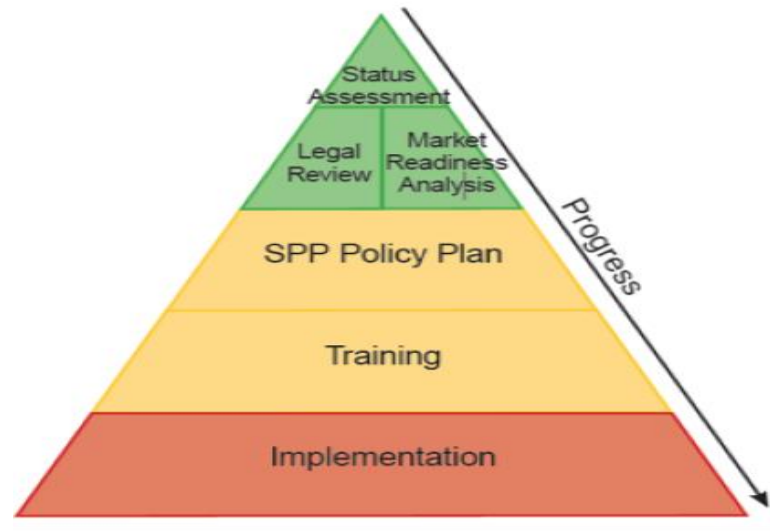


Figure 13: UNEP approach to sustainable public procurement (UNEP, 2012a)

The Sustainable Public Procurement Implementation Guidelines presents a step-by-step approach to introducing sustainable public procurement, starting with the launch of a project to establish a SPP Policy and action plans, the basis for a structured implementation of SPP throughout the whole procurement cycle. (UNEP, 2014)

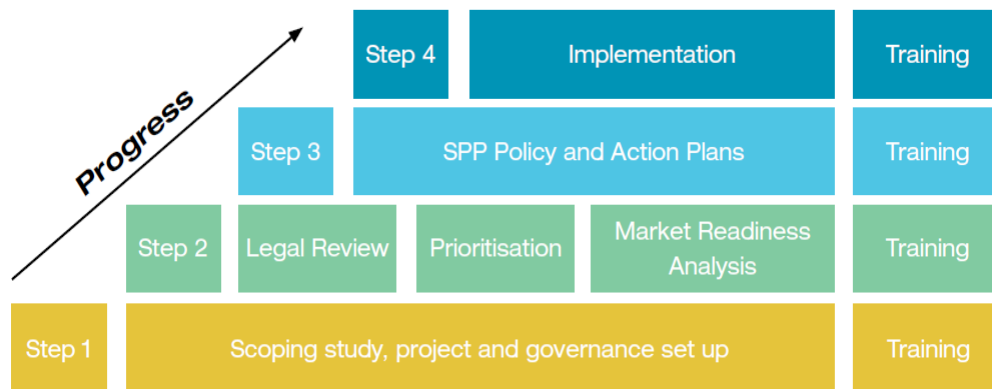


Figure 14: Steps in Implementation of SPP

[Source: Adapted from “Sustainable Public Procurement Implementation Guidelines: An UNEP approach” (UNEP, 2012a)]

7.Practice Sustainable Procurement: Cathey Berry in her book “The Sustainable Procurement Guide” suggested some area to promote sustainability across the procurement process. Bangladesh can adopt this in following way across the procurement process

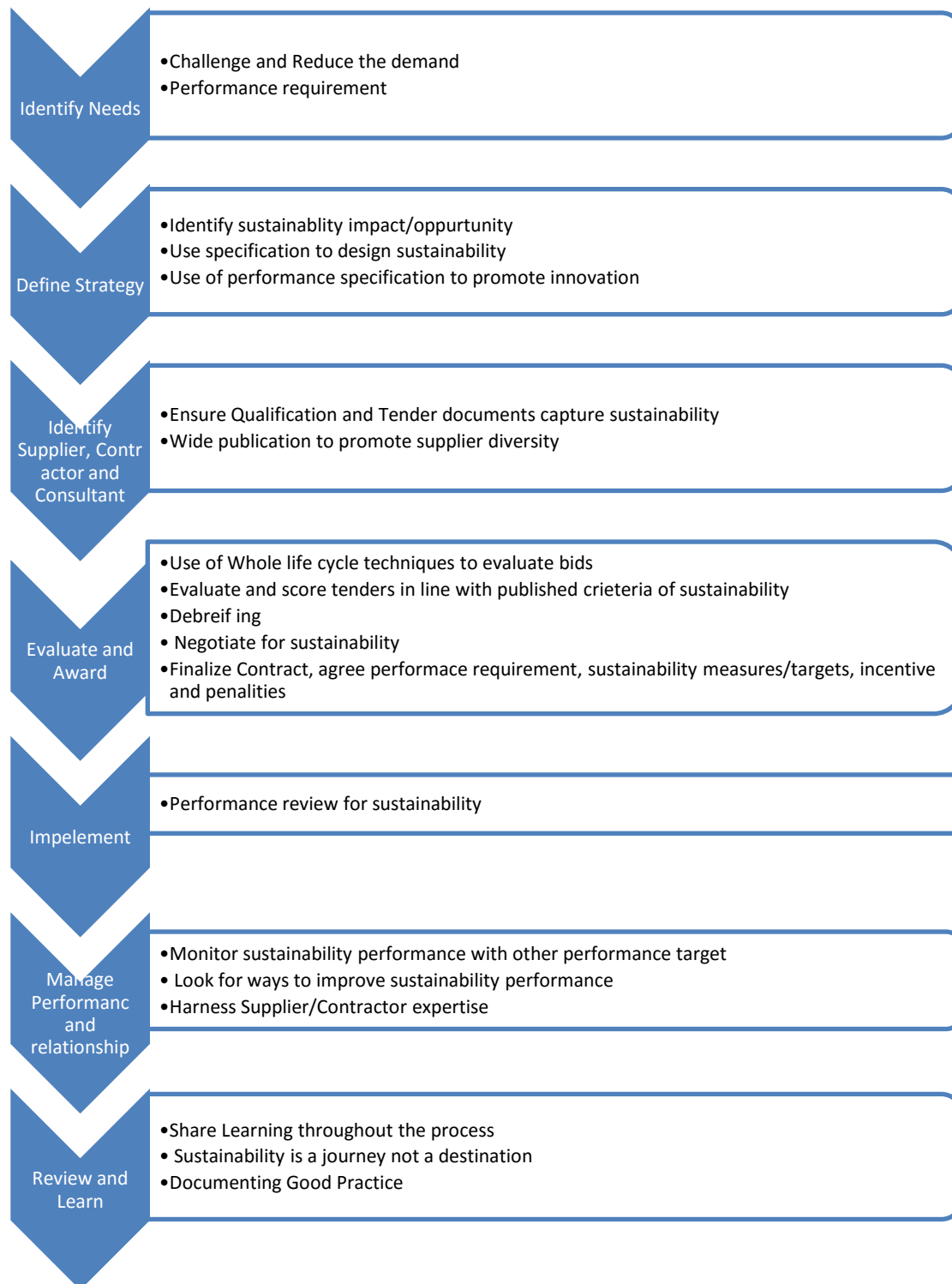


Figure 15: Promoting Sustainability across the Procurement Process [Adapted from “The Sustainable Procurement Guide” (Berry, 2011)]

7.3 Conclusions

Bangladesh is developing country. Sustainable development is destination of development activities after world summit on sustainable development. Supreme Audit Institution (SAI), Bangladesh act as accountability actors in the governance. As a developing country Bangladesh should not take burden of expenditure for creation of new organisation, but should thrive towards to sustainable spending and consumption. SAI has institutional knowledge to audit the development spending. Some reform activities are going on SAI after that scenario got different shape. So SAI Bangladesh is able to introduction of sustainable development audit instead of any other organisation.

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Annexure-I



Questionnaire 1: Respondent other than OCAG official

for
Governance in Sustainable Procurement: Role of Supreme Audit Institution (SAI)
 Bangladesh

According to our constitution Comptroller and Auditor General act as Supreme Audit Institution in Bangladesh. The following questionnaire is prepared to serve an academic purpose to assess the present role and future strategy of sustainable procurement audit. Your spontaneous support and invaluable time would be highly appreciated.

Directions: Please tick (✓) appropriate box/answer or Fill in the Blanks. There is no right or wrong answers. The only concern of this survey is to assess the present role and what should be future role in dynamic procurement context. Your contribution will be treated as a significant part of this study. In case of any confusion please feel free to Cell number: 01712678679 or Mail to Kazicomilla@yahoo.com.

PART 0: YOU and Your Experience³⁶

01: Name :

02: Job Title :

03. Present Position

a) Junior Level b) Medium Level c) Senior Level

04: Employer

b) Government
 c) Autonomous/Semi Autonomous Body
 d) Local Body
 e) Others

05: Experience (in yrs)

a) 0 to 5 Years
 b) 5 to 10 Years
 c) 10 to 15 Years
 d) 20 Years+

06: Procurement Experience (In yrs)

a) 0 to 5 Years
 b) 5 to 10 Years

³⁶ R: Respondent Information

- c) 10 to 15 Years
- d) 20 Years+

PART-2: Questions.

1. In 2013, Bangladesh approved National Sustainable Development Strategy (2010-2021). Which Organization you think **best fit for audit sustainable procurement** across the Government. Suggest one from the following
 - a. Comptroller and Auditor General (CAG)
 - b. Ministry of Finance
 - c. Executing Ministry
 - d. Other (Please Mention Name.....)
2. Do you think Comptroller and Auditor General of Bangladesh can play **effective role** in governance of sustainable public Procurement? Mark in the following scale 0-Lowest and 5 Highest. Give reason if your score is 0.

0	1	2	3	4	5
Lowest			Highest		

Reason _____ for
 “0”.....

3. Do you think **level of present performance** in audit done by Comptroller and Auditor General sufficient for sustainable procurement? Measure the performance in the following scale. 0-Lowest and 5 Highest. Give reason if your score is 0.

0	1	2	3	4	5
Lowest			Highest		

Reason for 0”.....

4. What should be the **type of audit** for ensuring sustainable procurement? Choose one or more options from following....
 - a. Procurement Audit
 - b. Environmental Audit
 - c. Performance Audit
 - d. Compliance Audit
 - e. Financial Audit
 - f. Other (Mention the Name.....)

5. What should be the option(s) to **improve role of Comptroller and Auditor General** (SAI Bangladesh) to ensuring sustainability in Public Procurement? choose one or more options from
- a. Develop Human Resource for sustainable procurement audit
 - b. Establish a strategy for action plan for sustainable procurement audit
 - c. Implement best practice of different SAI other than Bangladesh
 - d. On-going activities sufficient for sustainable procurement
 - e. There is no role of SAI Bangladesh in implementing sustainable public procurement.
6. Comments on Sustainable procurement Audit (if any)

Survey Date:..... Cell No.....

Annexure II



Questionnaire 2: OCAG officials

for

**Governance in Sustainable Procurement: Role of Supreme Audit Institution (SAI)
Bangladesh**

According to our constitution Comptroller and Auditor General act as Supreme Audit Institution in Bangladesh. The following questionnaire is prepared to serve an academic purpose to assess the present role and future strategy of sustainable procurement audit. Your spontaneous support and invaluable time would be highly appreciated.

Directions: Please tick (✓) in the appropriate box/answer or Fill in the Blanks. There is no right or wrong answers. The only concern of this survey is to assess the present role and what should be future role in dynamic procurement context. Your contribution will be treated as a significant part of this study. In case of any confusion please feel free to Cell number: 01712678679 or Mail to Kazicomilla@yahoo.com.

PART 0: YOU and Your Experience³⁷
01: Name :
02: Job Title :
03. Present Position

 f) Junior Level b)Medium Level c)Senior Level
04: Employer

 g) Government
 h) Autonomous/Semi Autonomous Body
 i) Local Body
 j) Others
05: Experience (in yrs)

 e) 0 to 5 Years
 f) 5 to 10 Years
 g) 10 to 15 Years
 h) 20 Years+
06: Procurement Audit Experience (In yrs)

 e) 0 to 5 Years
 f) 5 to 10 Years
 g) 10 to 15 Years
 h) 20 Years+
³⁷ R: Respondent Information

Questions.

7. In 2013 Bangladesh approved National Sustainable Development Strategy (2010-2021) where role of sustainable development audit lies with Ministry of finance. Do you think Ministry of finance is in **right position to perform** audit of sustainable development activities? Mark in the following scale 0-Lowest and 5 Highest. Give reason if your score is 0.

0	1	2	3	4	5
Lowest			Highest		

Reason for “0”.....

8. In your opinion which organization best **fit for audit sustainable development (ie.sustainable procurement)** across the Government. Choose one from the following list.....

- e. Comptroller and Auditor General, Bangladesh
- f. Finance Division
- g. Executing Ministry
- h. Other (Please Mention Name.....)

9. Do you/your organization **performed audit** which directly related to sustainable development and public procurement?

.....

10. Do you think **present trends of Environmental Audit and Procurement Audit** ensures sustainability in Public Procurement? Mark in the following scale 0-Lowest and 5 Highest. Give reason if you score 0.

0	1	2	3	4	5
Lowest			Highest		

Reason for “0”.....

11. Do you think Comptroller and Auditor General of Bangladesh can play **effective role** in implementing sustainable public Procurement, Mark in the following scale 0-Lowest and 5 Highest. Give reason if you score is 0.

0	1	2	3	4	5
Lowest			Highest		

Reason for “0”.....

12. Do you think **present trends** in audit sufficient for good governance for sustainable procurement? Measure the trends in following scale 0-Lowest and 5 Highest. Give reason if your score is 0.

0	1	2	3	4	5
Lowest			Highest		

Reason for 0”.....

13. What should be the **type of audit** for ensuring sustainable procurement? Tick one or more options from following....

- g. Procurement Audit
- h. Environmental Audit
- i. Performance Audit
- j. Compliance Audit
- k. Financial Audit
- l. Other (Mention the Name.....)

14. What should be the option(s) for **improve role of Comptroller and Auditor General** (SAI Bangladesh) to ensuring sustainability in Public Procurement? Choose one or more options from following.....

- f. Develop Human Resource for sustainable procurement and sustainable development audit
- g. Develop a strategy for sustainable procurement audit in line with Sustainable Development Strategy
- h. Implement best practice of different SAI other than Bangladesh
- i. On-going activities sufficient for ensuring sustainable procurement
- j. There is no role of SAI Bangladesh in implementing sustainable public procurement.
- k. Others (Mention the option(s).....)

15. Comments on Sustainable procurement Audit (if any).....

Survey Date:..... Cell No

Annexure III



Masters in Procurement and Supply Management

In depth Interview

Subject: Dissertation on “Governance in Sustainable Public Procurement: Role of Supreme Audit Institution (SAI)”.

I want to thank you for taking the time to meet with me. My name is **Kazi Forrukh Ahammed**, and I would like to talk to you about your experiences on “*Governance in Sustainable Public Procurement: Role of Supreme Audit Institution (SAI)*”. Specifically, as one of the components of my study to assess the How SAI played role in sustainable procurement before National Sustainable Development Strategy, What is the present situation of Procurement and Sustainability audit, what should be the actions of SAI to ensuring sustainability in Public Procurement? The interview should take less than an hour. I will be taping the session because I don’t want to miss any of your comments.

Although I will be taking some notes during the session, I can’t possibly write fast enough to get it all down. Because we’re on tape, please be sure to speak up so that we don’t miss your comments.

All responses will be kept confidential. This means that your interview responses will only be shared with research team members and we will ensure that any information we include in our report does not identify you as the respondent. Remember, you don’t have to talk about anything you don’t want to and you may end the interview at any time.

Are there any questions about what I have just explained?

Are you willing to participate in this interview?

 Interviewee

 Witness

 Date



Masters in Procurement and Supply Management

Probable issues in Indepth Interview:

Bangladesh adopted National Sustainable development Strategy in 2013. Vision of the NSDS to “achieving a happy, prosperous enlightened Bangladesh which is free from hunger, poverty, inequality, illiteracy and corruption and belongs completely to its citizens and maintains a healthy environment”. Public procurement is a major share of government spending (75%) through which public bodies implement their development activities through which the vision of NSDS have to achieve. So, Sustainable public procurement can ensure sustainable development (i.e. economic, social and environmental development) in Bangladesh. The study likes to understand the following issues:

1. How do you think SAI Bangladesh can play important role in sustainable public procurement?
2. Do you think present trends in compliance audit ensure sustainable public procurement?
3. SAI Bangladesh completed very few environmental audit as well as performance audit? Do you think this level of environmental audit ensures sustainability in public procurement?
4. When SAI audit public procurement; do you think their report emphasized on balance between social, economic and environmental issues?
5. Our National Sustainable Development Strategy authorize Finance Division (FD) of Ministry of Finance to audit the sustainable development activities, do you think FD is in appropriate position to conduct audit on sustainable development activities?
6. Is it feasible to create another body to perform sustainability audit?
7. Like other country do you suggest for Sustainable Procurement Strategy /Policy for Bangladesh which will be the basis of sustainable procurement audit?
8. What should be the actions (Short term, Medium Term and Long term) of SAI to ensuring sustainability in Public Procurement?

