

BUG Internal Audit Report, 2012

1. Executive Summary

It is the seventh internal audit report of the Beel Users Group (BUG) undertaken during 2 December 2012 to 13 December 2012. A total of 202 BUGs were audited from 11 upazilas; Sunamganj Sadar, South Sunamganj, Bishwambarpur, Jamalganj, Tahirpur Derai, Dowarabazar, Chatak Sulla, Jogonnathpur and Dharmapasha. The audit was conducted by a team of project staff included from different upazilas. To ensure transparency and reliability one upazila staff were engaged to other upazila. A total of 40 staff in three groups participated in the audit and it took around 3 days for each group to complete the assigned work. The total audit activity was guided by Project Management Unit (PMU) of CBRMP.

1.1 The major findings

The major findings of the audit are:

Regular savings during the audit period was Tk. 1,120,152. Savings was quite regular in maximum BUGs.

During the audit cash in hand was found Tk. 10, 595. Maximum cash in hand was found in one individual BUG Tk. 8,365 and minimum Tk. 2,230.

The financial statement states that total amount received was Tk. 6,40,41,823, and expenditure was Tk. 5,96,06,647 and balance at bank was Tk. 70,27,864 and cash in hand was Tk2,32,363.

A difference was found of Tk. 1, 58,011 upon reconciliation with bank, which occurred following credited a transfer to CO accounts for beel development activities. This transfer was made upon a prior decision of the project. The cash book rightly reflected the transactions.

During the audit period the total wage earned by BUG members was Tk. 5,767,223 from beel fishing and the profit received from catch was about Tk. 15,118,443. Most of the transactions done in time and maintaining the agreed rules.

The attendance of BUG members in BUG meeting was on an average 89% and thereby it is rated satisfactory. Few members who could not attend BUG meeting was mainly for seasonal migration during the slack period of fishing.

The record keeping of most BUGs was found satisfactory and quite well maintained. Particularly, all documents related to development activities were found updated and very well kept.

The process documentation and all the background papers, like PRA works, master list of households of beel command villages and other inventories were found updated and well preserved at all BUGs.

Byelaws/rules of governance were introduced to 147 BUGs and found have been being followed by all except few those were formed newly.

Out of a total 202 BUGs, 77 were found able to maintain the books and records efficiently, 93 partially and the rest 32 were relatively poor in doing that.

It was found that 97 BUGs were able to conduct the regular group meeting independently, 60 were partially and the 45 were not able to conduct the meeting without assistance from SO or CDF.

Training for capacity building was undertaken for 1768 BUGs members and that has impacted well.

Women enrollment in BUG so far reached 25%, where the performance of Sadar, Tahirpur, Sullah and Dowarabazar was not satisfactory. During the last audit the rate of women's involvement was 24%. The project is critical to raise it to 30%, and in few BUGs it has already reached.

The leadership rotation took place in 137 BUGs and all elections carried out on the secret ballots basis.

42 BUGs developed some assets valued to Tk. 242,400 and some BUGs contributed to various social causes such as assisting very poor in treatment; undertaking essential ritual activity and so on.

The audit rated the BUGs based on a set of criteria and graded 95 BUGs (48%) at A, 75 (37%) at B and the rest 30 (15%) were at C. Last year that status was 46% at A, 35% at B and 10% at C respectively.

The overall performance of BUGs was quite good. In a few areas particularly in financial management some further improvement is required. Financial transactions of BUG through bank have largely progressed. However, regularity in meeting, members' attendance, and savings need to be further improved.

2. Introduction and objective

The Internal Audit (IA) is an independent appraisal set in project's M&E system to examine and evaluate the performance of some core activities of BUG. The main objective of internal audit is to support the project administration and BUG to promote good governance in BUG management.

The aims of the audit are to promote:

- reliability and integrity of the information;
- compliance with policies, plans, procedures, laws, and rules;
- safeguarding of assets; and
- efficient use of resources.

3. Methodology and Scope of the audit

The audit was conducted as per standard audit rules. It was carried out by some trained auditors and in participation of BUG leaders. The auditors verified and checked the following books and records of BUG:

- BUG meeting register;
- Individual members pass book;
- Investment and benefit register;
- Cash book;
- Ledger;
- Fish catch, sale and consumption registers;
- Bank pass book; and
- Bank statement of BUG accounts.

Auditors went through the following processes to prepare the report:

- Prescribed format based data collection;
- Preparing a balance sheet comparing with bank statement
- Preparing upazila-wise compiled report, and finally
- Preparing the completion report.

A total of six teams comprising 2-4 members in each being headed by one team leader carried out the work under the guidance of a Chief Auditor. PMU officials followed up the whole data collation process. The roles and responsibilities of the auditor are given below:

3.1 Responsibilities

3.1.1 Auditor:

- Information collection from field; and
- Preparing audit report (draft and final).

3.1.2 Team Leader:

- Supervising the activities of auditors;
- Gathering reports from auditors;
- Compiling the report in summary form;
- Debriefing of the audit reports; and
- Submitting the audit report to Chief Auditor within a scheduled time.

3.1.3 Chief Auditor:

- Budget preparation for audit activity;
- Arranging a refresher course for auditors;
- Ensuring necessary support for the team;
- Analyzing the report of team leaders;
- Completing the final audit report;
- Preparing a management letter; and
- Submitting the (draft and final) report to the Project Director.

4. Findings and Recommendations:

A total of 202 BUGs from 11 Upazilas (Sunamganj Sadar, South Sunamganj, Bishwambarpur, Jamalganj, Tahirpur, Derai, Dowarabazar Chatak, Jogonnathpur, Sullah, and Dharmapasha) were audited during 2nd December 2012 to 13th December 2012. The following table shows the basic data of BUGs. The total members of BUGs stand at 6,686.

4.1 Numbers of members, BUGs audited:

Sl.#	Name of Upazila	No. of BUG	.Member Status		
			Existing Member	Existing Woman Member	Woman Member (%)
1	Sunamganj Sadar	36	1015	224	22
2	South sunamganj	36	1212	277	23
3	Biswamberpur	23	726	190	26
4	Jamalganj	21	593	166	28
5	Tahirpur	14	831	178	21
6	Derai	29	1226	358	29
7	Duarabazar	15	411	78	19
8	Dharmapasha	14	278	108	39
9	Sulla	14	394	69	18
	Total	202	6686	1648	25

Enrollment of women members in BUG reached the target of 25% as a whole but performance of Sadar, Tahirpur, Sullah and Dowarabazar is not satisfactory in including women in BUG.

Recommendation: Sunamganj Sadar, Tahirpur, Sullah and Dowarabazar upazila need to be concentrated to increase more women in BUG.

4.2 Savings statement:

Sl.#	Name of Upazila	No. of BUG	Savings accumulation Tk.		
			Before Audit Period	During Audit Period	Total Savings
1	Sunamganj Sadar	36	281405	151411	432816
2	South sunamganj	36	261938	120420	382358
3	Biswamberpur	23	302575	189300	488475
4	Jamalganj	21	116643	186220	302863
5	Tahirpur	14	129690	98150	227840
6	Derai	29	97846	171600	267746
7	Duarabazar	15	10995	55450	66445
8	Dharmapasha	14	68600	40310	108910
9	Sulla	14	19075	107291	126366
	Total	202	1288767	1120152	2403819

Savings accumulation is very satisfactory during last year. It has increased almost double.

Recommendation: All BUGs should continue their efforts of saving accumulation.

4.3 Receipts and Payments Status:

Sl.#	Name of Upazila	No. of BUG	Receipts and Payments Status (TK)				
			Received (Tk.)	Payment (Tk.)	Balance of Audit (Tk.)	Balance at Bank (Tk.)	Difference (Tk.)
1	Sunamganj Sadar	36	14161910	13306968	854942	846642	8300
2	South sunamganj	36	10429494	12969661	1239833	913777	236678
3	Biswamberpur	23	8466041	7237909	1228132	1154191	73941
4	Jamalganj	21	8946219	7239789	1706430	1706430	0
5	Tahirpur	14	7924077	6837353	1086724	1086724	0
6	Deraï	29	4959823	4389803	570020	98047	467051
7	Duarabazar	15	2657102	2213592	443510	442904	606
8	Dharmapasha	14	2229783	2087878	141905	141905	0
9	Sulla	14	4267374	3323694	943680	637244	306436
	Total	202	64041823	59606647	8215176	7027864	1093012

Between receipts and payments some differences were found when reconciled drawn with the bank statement at all Upazilas except Dowarabazar, Tahirpur and Jamalganj. However it has shown an overall decrease comparing with last audit. For some quick payments on some urgent needs some transactions had to make and that were yet to update in books.

Recommendation: All transactions should be made through bank, and it will be maintained strictly with proper management.

4.4 Position of Cash in Hand:

Sl.#	Name of Upazila	No. of BUG	Cash In Hand (TK)	
			Before Audit Period	During Audit Period
1	Sunamganj Sadar	36	0	0
2	South Sunamganj	36	5745	230133
3	Bishwambarpur	23	0	0
4	Jamalganj	21	0	0
5	Tahirpur	14	0	2230
6	Deraï	29	0	0
7	Dowarabazar	15	0	0
8	Dharmapasha	14	0	0
9	Sulla	14	0	0
	Total	202	5745	232363

The cash in hand is highest in South Sunamganj which also found during last audit. In Tahirpur some cash in hand is found this year. Other upazilas have no cash in hand.

Recommendation: Concerned SO should be more focused on cash in hand issue particularly in South Sunamganj and Tahirpur to overcome the situation bringing good practice.

4.5 BUG wise Income/Benefit distribution:

Sl.#	Name of Upazilla	No. of BUG	Income (TK)	Wage distributed to BUG members	Benefit distributed among the BUG members (TK)
1	Sunamganj Sadar	36	4212255	824625	2573655
2	South sunamganj	36	8226032	1415800	4261200
3	Biswamberpur	23	3318586	1119266	913650
4	Jamalganj	21	3867161	573965	3084120
5	Tahirpur	14	4239108	1149181	2140989
6	Deraï	29	2430144	289645	1255904
7	Duarabazar	15	297972	29700	113925
8	Dharmapasha	14	933558	124300	387500
9	Sulla	14	1284701	240741	387500
	Total	202	28809517	5767223	15118443

All expenditure and income were properly documented in specific books of record. Efforts were taken to reduce the expenditure in all areas particularly in fishing to increase benefit, and that gave good results. Comparing with last audit information it observed that income and benefit distribution have increased largely. However the wage distribution to BUG members more or less is static.

Recommendations: Efforts should be continued to find better alternatives to increase benefit.

4.6 Status of PRA and other Reports:

Sl.#	Name of Upazilla	No. of BUG	PRA Report	
			Found	Not Found
1	Sunamganj Sadar	36	36	0
2	South sunamganj	36	36	0
3	Biswamberpur	23	23	0
4	Jamalganj	21	21	0
5	Tahirpur	14	14	0
6	Deraï	29	29	0
7	Duarabazar	15	14	1
8	Dharmapasha	14	14	0
9	Sulla	14	12	2
	Total	202	199	3

PRA conducted properly and reports were found well-kept at all BUGs except Dowarabazar and Sullah

Recommendation: Concern staff should complete the work which are due as soon as possible.

4.7 Status of Byelaws Practices:

Sl.#	Name of Upazilla	No. of BUG	Byelaws Practices		
			Yes	Partially	Not
1	Sunamganj Sadar	36	31	5	0
2	South sunamganj	36	22	12	2
3	Biswamberpur	23	22	1	0
4	Jamalganj	21	17	2	2
5	Tahirpur	14	12	2	0
6	Deraï	29	20	7	2
7	Duarabazar	15	7	0	8
8	Dharmapasha	14	6	7	1
9	Sulla	14	10	2	2
	Total	202	147	38	17

147 BUGs (72%) were found properly followed the rules of byelaws. 38 BUGs (18%) followed the byelaws moderately and the rest 20 BUGs (10%) were almost not in practice of byelaws. However the status of practicing byelaws was far better than the last year.

Recommendation: SMS and SO (Fish) of concerned Upazilas where the byelaws are yet to regular in practice should take organized initiatives to regularize it.

4.8 Status of Meeting Information:

Sl.#	Name of Upazila	No. of BUG	Meeting Information		
			Planned	Achievement	%
1	Sunamganj Sadar	36	347	337	97
2	South Sunamganj	36	420	335	80
3	Bishwambarpur	23	271	253	93
4	Jamalganj	21	255	239	94
5	Tahirpur	14	165	155	94
6	Deraï	29	280	226	81
7	Dowarabazar	15	146	138	95
8	Dharmapasha	14	130	113	87
9	Sulla	14	165	144	87
	Total	202	2179	1940	89

Overall achievement (89%) almost same comparing the last audit in undertaking meeting at various Upazilas, except at Deraï, South Sunamganj and Dharmapasha.

Recommendation: SO particularly in South Sunamganj, Deraï and Dharmapasha should increase their supervision and facilitation to bring regularity in undertaking meeting.

4.9 Status of meeting conduction without SO assistance :

Sl.#	Name of Upazilla	No. of BUG	Meeting conduction without SO Assistance
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			Can	Partially	Can't
1	Sunamganj Sadar	36	23	5	8
2	South Sunamganj	36	13	20	3
3	Bishwambarpur	23	15	5	3
4	Jamalganj	21	12	3	6
5	Tahirpur	14	7	5	2
6	Dera	29	13	13	3
7	Dowarabazar	15	3	2	10
8	Dharmapasha	14	6	1	7
9	Sulla	14	5	6	3
	Total	202	97	60	45

97 (48%) BUGs were found totally able to conduct the meeting independently. Comparing to last year, progress is found better this area.

Recommendation: Efforts of SO for capacity building of BUG leaders should be continued with specific target and strategies.

4.10 Status of Member Attendance ;

Sl.#	Name of Upazilla	No. of BUG	Member Attendance		
			Planned	Achievement	%
1	Sunamganj Sadar	36	8961	7737	86
2	South Sunamganj	36	13883	10230	74
3	Bishwambarpur	23	23986	22363	93
4	Jamalganj	21	7256	6382	88
5	Tahirpur	14	10290	7787	76
6	Dera	29	13250	9225	70
7	Dowarabazar	15	4328	2698	62
8	Dharmapasha	14	2628	2019	77
9	Sulla	14	5088	2226	44
	Total	202	89670	70667	74

Overall attendance of BUG members in meeting was not found good (74%). Comparing to last year however the situation has decreased to large extent.

Recommendation: SO should take necessary strategy discussing with the fisher to improve the attendance.

4.11 Status of Record keeping by secretary :

Sl.#	Name of Upazilla	No. of BUG	Record keeping by secretary
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			Can write	Partially write	Can't write
1	Sunamganj Sadar	36	18	11	7
2	South sunamganj	36	14	20	2
3	Biswamberpur	23	13	7	3
4	Jamalganj	21	4	15	2
5	Tahirpur	14	5	8	1
6	Dera	29	14	12	3
7	Duarabazar	15	1	8	6
8	Dharmapasha	14	4	4	6
9	Sulla	14	4	8	2
	Total	202	77	93	32

Record keeping status by BUGs was reasonably better. A big portion of BUGs (38%) were found could maintain their books and records independently. Comparing to last audit the performance on record keeping was however found almost similar.

Recommendation: To bring further improvement SO should increase their assistance in this area. The BUG leaders who are yet to get training, training should be arranged for them and some follow-up courses may be arranged on record keeping and accounting for poor performed leaders.

4.12 Status of Assets Formation:

Sl.#	Name of Upazilla	No. of BUG	Assets Formation		
			Yes	No	Value (TK)
1	Sunamganj Sadar	36	16	19	123000
2	South sunamganj	36	12	25	74800
3	Biswamberpur	23	4	18	37000
4	Jamalganj	21	3	10	10000
5	Tahirpur	14	0	12	0
6	Dera	29	4	26	8000
7	Duarabazar	15	0	15	0
8	Dharmapasha	14	2	9	30000
9	Sulla	14	1	13	0
	Total	202	42	147	282800

To build some assets such as boat, net and so on a total of 42 BUGs (20%) took some efforts valued of Tk. 282,800. It observed that the BUGs had no such organized plan to increase the common assets. Comparing with last audit, value of assets has moderately improved.

Recommendation: For building assets BUGs should have plan and goals. SO should influence them with some definite goals for that.

4.13 Status of Social Contributions :

Sl.#	Name of Upazilla	No. of	Social Contributions
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		BUG	Yes	No	Value (TK)
1	Sunamganj Sadar	36	8	26	31000
2	South Sunamganj	36	5	28	84550
3	Bishwambarpur	23	3	19	26300
4	Jamalganj	21	9	6	229370
5	Tahirpur	14	1	12	474
6	Dera	29	3	26	36250
7	Dowarabazar	15	0	15	0
8	Dharmapasha	14	0	13	1
9	Sulla	14	1	13	17100
	Total	202	30	158	425045

For contributing to some social causes such as supporting to mosque, ritual events, assisting very poor for treatment and wedding of poor family out of their income from beel a total of 30 BUGs (15%) took some initiatives. Their contributions have developed a close attachment of them with the society and thereby the relationship.

Recommendation: Social contributions should be built on values and policies of the BUG so that it strengthens their acceptance in the society.

4.14 Status of Rotation of Leadership:

Sl.#	Name of Upazilla	No. of BUG	Rotation of Leadership			
			Election	Selection	No	Yet to time
1	Sunamganj Sadar	36	24	0	0	12
2	South sunamganj	36	27	0	2	7
3	Biswamberpur	23	14	0	1	8
4	Jamalganj	21	17	0	1	3
5	Tahirpur	14	10	0	1	3
6	Dera	29	25	0	1	3
7	Duarabazar	15	4	0	0	11
8	Dharmapasha	14	6	0	1	7
9	Sulla	14	10	0	1	3
	Total	202	137	0	8	57

145 BUGs were in scheduled for election during the audit period and out of that 137 run election through secret ballots.

Recommendation: For new leaders training should be provided immediately to develop their skill to lead the BUG effectively.

4.15 Status of Training Information:

Sl.#	Name of Upazilla	No. of	Training Information
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		BUG	No's of Participant Targeted During audit period	No's of Participant Achieved During Audit period	%	No's of Participant Targeted Cumulative	No's of Participant Achieved Cumulative	%
1	Sunamganj Sadar	36	261	210	100	1958	1677	86
2	South sunamganj	36	293	234	100	2676	2647	99
3	Biswamberpur	23	309	309	100	1675	1675	100
4	Jamalganj	21	226	225	100	818	817	100
5	Tahirpur	14	103	82	100	1105	926	84
6	Deraï	29	278	271	100	1004	989	99
7	Duarabazar	15	126	36	100	293	197	67
8	Dharmapasha	14	0	0	0	370	370	100
9	Sulla	14	412	401	100	347	336	97
	Total	202	2008	1768	88	10246	9634	94

During audit period training was arranged as per the yearly work plan. Attendance of trainees was satisfactory and found slightly increased comparing to last audit.

Recommendation: The training impact should be regularly assessed and if required follow-up/refreshers training should be given upon needs.

4.16 Status of BUG Rating:

Sl.#	Name of Upazilla	No. of BUG	BUG Rating					
			Before audit			During audit		
			A	B	C	A	B	C
1	Sunamganj Sadar	36	8	14	1	23	10	3
2	South sunamganj	36	13	16	2	12	20	4
3	Biswamberpur	23	9	5	2	17	5	1
4	Jamalganj	21	4	17	0	16	5	0
5	Tahirpur	14	4	9	0	7	6	1
6	Deraï	29	13	13	2	10	14	5
7	Duarabazar	15	1	2	3	2	5	8
8	Dharmapasha	14	4	5	1	3	7	2
9	Sulla	14	3	3	6	5	3	6
	Total	202	59	84	17	95	75	30

In category 'A' BUG performance has largely improved comparing to last year audit findings. Out of 202 BUGs 95 (48%) have reached A category, 75 (37%) B, and the rest 30 (15 %) are in C. Last year 'A' category groups were 46%, B was 35% and C was 10%.

Recommendation: Upazila project offices are advised to focus on the weakness of the concerned BUGs and under case by case analysis the causes of the weakness are to be understood and take necessary initiatives to improve the performance.

4.17 Other key findings impeded the performance of BUG and recommendations thereafter to overcome those.

Findings	Recommendations
<ul style="list-style-type: none"> • Beel management cost i.e. for Katha setup, guarding and fishing cost etc. yet relatively higher in some Beels. • Leadership is yet to develop due to lack of proper training and less supervision by so • Cash in hand found in some BUG relatively higher. • Regular meeting, Savings and enrollment of women member are yet to find in some BUGs as per the target. • Discussion of BUG guideline is yet to held at BUG meeting regularly and there are lacking in some BUG to practice the guideline as well. • Social conflict hampered the performance of BUG. • Endorsements of BUG documents by BUG officials sometimes not properly done. • In some BUG it was identified that lease value payment record did not preserved rightly as instructed by project management. • Efforts are not adequate to contribute social causes • In some beels conflict took place during beel demarcation. 	<ul style="list-style-type: none"> • It should be in place Specific strategy and innovative measures to reduce beel management cost to make the beel more profitable. • Necessary training upon needs should be arranged for developing leadership skill • Initiative should be taken to deposit all cash in hand at bank. • BUG members should be encouraged & motivated for regular savings & attending meeting and also to increase women membership to reach project target. • BUG guideline should be practiced regularly • SMS (Fish) and SO (Fish) should be instructed to motivate BUG members to reconcile social conflict. • SMS (Fish) and SO (Fish) should be instructed to follow-up the process of endorsement of BUG documents properly. • Document of lease fee payment need to be preserved following a system and that is to be checked by SO if it be followed. • Awareness needs to be further increased to contribute to social causes and thereby increase their acceptance and values in society • SUPM should take initiative for overcoming the conflict during beel demarcation by involving UNO and land survey office in this process.

5. General Conclusion

The internal audit is exceptionally useful to make the project understand the status of the BUG performances and define the tasks in assisting BUGs to improve their performance. Some key areas in BUGs management found poor performance by the audit. Project now can take the initiative to address those properly. Overall general management skill of BUGs has improved measurably compared to previous year. Finally, it is very important to ensure effective and transparent governance in BUG and there internal audit has been playing a very crucial role.

6. Project's responses to internal audit

The recommendations of internal audit and findings have been extensively discussed by project management and the project responses on those are given below:

- Efforts should be increased for asset building and social contribution at community level by BUG.
- An action plan should be in place for C rated BUGs so that they can be upgraded to A.
- According to BUG guideline the process of developing alternative leadership should be followed.
- All books and records are to be endorsed by concerned BUG members as well as project staff where applicable.
- SO should be more active to ensure further improvement of attendance at monthly meeting of BUG.
- Enrolment and roles of women will further be increased with regular support from project part.
- With the support of SO, practice of guideline will have to be further increased.
- Additional supervision will be ensured to make the entire financial transactions of BUG on time and through bank.
- BUG guidelines (revised) and 'Jalmahal Management Guidelines 2009' should be well practiced in all BUG for sustainable management.
- To reduce the BUG expenditure particularly in guarding, fishing, katha setting etc. efforts should be continued.