

**BANGLADESH RURAL ELECTRIFICATION BOARD  
DHAKA, BANGLADESH**

**PBS INSTRUCTION 200-05**

**SUBJECT: INTERNAL CONTROL OF PBSs' OPERATION.**

**I. PURPOSE**

The general welfare of PBSs' operations requires their adherence to high standards of business conduct so that they may have the confidence and support of the public as well as of their consumer-members. Internal control is essential to sound business operations. It consists of the plan of organization and procedures established by a business for the purpose of safeguarding assets, assuring accuracy in accounting and operational data, promoting efficiency of operation and encouraging adherence to management policies.

**II. POLICY**

**Establishment of Internal Control Procedures:**

- A. The establishment of internal control procedures is the direct and immediate responsibility of the management. The measure which should be adopted are governed by commonly accepted accounting and business management procedures.

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The characteristics of a satisfactory system of internal control will include:

1. A plan of organization which provides appropriate segregation of functional responsibilities.
2. A system of authorization and record keeping procedures adequate to provide reasonable accounting control over assets, liabilities, revenues and expenses.
3. Sound practices to be followed in performance of duties and functions of each organizational department.
4. Assignment of qualified personnel commensurate with responsibilities.

**B. Bill collection through Mobile / Online Banking:**

In case of bill collection through Mobile / Online Banking like Teletalk, Grameenphone, BKash, UDC, Prepaid Meter system etc., DGM (Technical), AGM (IT) & Junior Engineer (IT) will provide technical support/assistance to prevent hacking or misappropriation of fund and overall supervision on such collections will be ensured by the Senior General Manager/General Manager of the PBS.

- C. PBS General Managers shall be responsible to ensure that control procedures established for sound operation of the PBSs have been properly followed in carrying out financial activities. The Checklist attached to this Instruction (**Attachment-1**) has been designed to assist the General Managers in obtaining an overall position of internal control compliances. As a matter of fact, answers to most of the questions set out in the Checklist may be readily known or available to the General Manager. It is as such required that the General Managers will complete the Checklist first and then review and determine the adequacy of internal control. In completing/filling the Checklist, the General Managers shall consult with relevant departmental personnel.

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Based on the result of assessment and review of internal control procedures, the General Manager shall identify and take necessary measures to establish controls in the areas where weaknesses in control are noted.

**III. ENFORCEMENT OF INTERNAL CONTROL MEASURES & REMEDIAL ACTIONS:**

- A. Compliance with internal control requirements established by management should be reviewed minimum twice in a year in December and June and corrective measures be taken when non-compliance is found. As soon as a breach of internal control measures is discovered, management should ascertain the person or persons responsible therefor and the extent to which the system's business and property and its integrity and reputation are affected.
- B. If an investigation discloses an apparent defalcation, or other irregularity or impropriety on the part of any officer or employee, agent or contracting party, the Board of Directors, after evaluating the relevant and material facts and circumstances should take appropriate action as follows:
1. Where the acts involve no violation of law, but there are some irregular or improper as to tend to damage the reputation of the PBS in the community and to reflect adversely upon the BREB Program, PBS Management shall immediately take corrective measures, including suspension of the offender from employment where this is indicated to be necessary or desirable.


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2. Where the acts, upon consultation with the PBS Legal Advisor, clearly appear that there is involvement of violation of law, the offender shall be immediately separated or suspended from employment and the infraction shall be reported to the proper prosecuting authority.
3. The required notice shall be served to the Insurance Company where the acts relate to matters covered by the Fidelity Coverage.
4. Where the acts involve pecuniary loss, the matter shall be referred to the PBS Legal Advisor for consultation with the Insurance Company.
5. Where there is uncertainty as to whether the acts of an insured employee, officer, or agent are covered by the fidelity insurance or whether all such acts as may be covered by the insurance have been discovered, the known facts shall be presented to the Insurance Company in writing. The person or persons involved should not remain in the PBSs' employment unless the Insurance Company's consent to continuance of coverage under the bond is obtained.
6. Director, PBS Monitoring and Management Operation, BREB shall be notified with a copy to Director, Financial Monitoring, BREB immediately of any irregularity affecting funds or property, reporting them action already taken and any proposed course of action. Such communication should indicate clearly whether the Insurance Company has been notified and, if so, a copy of the notice shall be enclosed.

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7. Immediate action shall be taken to install precautionary measures or existing internal control arrangements to prevent recurrence of similar acts shall be strengthened.

**IV. EVALUATION OF INTERNAL CONTROL**

PBS management, after reviewing and determining the adequacy of internal control, shall provide one copy of the completed Checklist in each year to the Financial Monitoring Directorate of BREB for compliance testing. Financial Monitoring Directorate will take necessary measures to carry out a compliance testing to ensure the existence and effectiveness of the internal control measures stated in the Checklist **(Attachment-1)**.

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