

Annual Corporate Governance Board Committee Report for the FY 2010-2011

Data :

1. Board meetings held during the FY 2010-2011:

Sl. No.	Board Meeting No.	Date	No. of Directors Attended
1.	84	07/07/2010	10
2.	85	22/07/2010	10
3.	86	08/08/2010	10
4.	87	11/08/2010	08
5.	88	31/08/2010	09
6.	89	14/09/2010	09
7.	90	26/09/2010	09
8.	91	05/10/2010	10
9.	92	13/10/2010	08
10.	93	31/10/2010	10
11.	94	21/11/2010	09
12.	95	28/11/2010	09
13.	96	07/12/2010	08
14.	97	21/12/2010	08
15.	98	27/12/2010	10
16.	99	12/01/2011	08
17.	100	26/01/2011	09
18.	101	10/02/2011	10
19.	102	01/03/2011	09
20.	103	15/03/2011	09
21.	104	09/04/2011	10
22.	105	13/04/2011	10
23.	106	05/05/2011	09
24.	107	20/05/2011	10
25.	108	19/06/2011	09
26.	109	30/06/2011	09

2. Board Committee meetings held during the FY 2010-2011:

A. Budget and Audit Committee:			
	Meeting No.	Date	No. of Members Attended
	01	31/08/2010	3
	02	29/11/2010	2
	03	22/06/2010	3

B. Scrutinize Committee:			
	Meeting No.	Date	No. of Members Attended
	1	10-11-2010	4
	2	14-02-2011	4
	3	09-04-2011	8

C. Other Board Committee:			
	Meeting No.	Date	No. of Members Attended
	1	18-07-2010	4

Exception :

3. There is no complaints received and actions taken by management in regard to any actual or potential unethical conduct by officers and staff.

Commentary:

4. Company law-1994 is being followed by EGCB. SEC laws are not applicable for EGCB.
5. Corporate governance is being applied in the company activity. It is in the implementation process.
6. No change were made of recommended in the Articles of Association during the FY 2010-2011.
7. There is no specific criteria or process followed to appoint both nominal and independent Director. Government/BPDB nominates Directors of EGCB Ltd.
8. There are no evaluation processes for Director's performance.

9. Directors meeting attendance fee is adequate & Directors have no objection about it.
10. Board committees are engaged whenever required. External advisors are invited when required.
11. There are some training program of Govt for the Directors. Directors are being nominated for training when such training is scheduled.
12. Corporate governance update will be uploaded in the company's website.
13. Some new rules and regulations will be prepared in near future to run the company efficiently and profitably.

Management representation:

Board is adequately working to develop the company. Board's functions are being properly conducted by the Chairman of the Board.

Corporate governance is being implemented by the Board step by step. Relationship between Board and management is good. Management is implementing Board's decision properly.

Annual Procurement Board Committee Report for the FY 2010-2011

Overview:

1. Brief Description Of Different Procurement Process of EGCB Ltd.

Prescribed Methods of Procurement:

➤ Open tendering	-	competition open to all interested firms
➤ Limited tendering	-	competition limited to those invited to tender
➤ Two stage tendering	-	like open tendering but proceeding in two stages
➤ Single-Stage Two Envelope tendering	-	like open tendering but the Technical and Financial Proposals are submitted in two separate sealed envelope simultaneously.
➤ Request for quotations	-	a simplified method of smaller purchases
➤ Direct procurement	-	sole source procurement when competition is in appropriate
➤ Request for proposals	-	used for the procurement of intellectual and professional services

Open Tendering Method: (PPR-2008, Rule – 61)

The open Tendering is the preferred method of Procurement for Goods and related Services, Works and Physical Services, unless the threshold or special circumstances relating to a specific requirement make it more appropriate for one of the other Procurement methods to be used.

Limited Tendering Method: (PPR-2008, Rule – 63)

This method is used when Goods and related Services and Works and physical Services by reason of their specialized nature such as aircraft, locomotives, specialized medical equipment, contraceptives, telecommunication equipments, silos, ports, harbours etc., are available only from a limited number of qualified potential Suppliers or Contractors.

Advertisement in the newspapers not required. Tenderers are invited not through advertisement in the newspapers, but through invitation.

Two –stage Tendering Method: (PPR-2008, Rule – 65)

This method is used in case of large or complex contracts, such as turnkey contracts for process plants or procurement of major computer and communications systems, for which it may be impractical to prepare complete technical specifications in advance and where alternative technical approaches may be available to meet a needs.

FIRST STAGE:

Invite through advertisement un priced technical proposal on the basis of conceptual design and/or specific performance requirements.

SECOND STAGE:

Only responsive Tenderers are invited to submit their priced 'best and final' tenders.

Single-Stage Two Envelope Tendering Method (PPR-2008, Rule – 68 (ka))

This method is used in case of turnkey contracts or in case of contracts for installing large plants if the purchaser is able to formulate the complete tender document including Bill of Quantities or Schedule of Requirements.

In the Single-Stage Two-Envelope bidding procedure, Bidders submit two sealed envelopes simultaneously, one containing the Technical Proposal and the other the Price Proposal, enclosed together in an outer single envelope.

Initially, only the Technical Proposals are opened at the date and time advised in the Tender Document. No amendments or changes to the Technical Proposals are permitted after accepting and opening the Technical Proposal. The Price Proposals remain sealed and are held in custody by the Purchaser. After the approval of the Technical Proposal evaluation report, the price proposals of the responsive tenderers are opened.

Request for Quotation Method: (PPR-2008, Rule – 69)

This method is selected in the case of purchase of readily available, standard off the shelf goods and related services, physical services and low value simple works. Provided that the estimated value of such Procurement is limited to the threshold value separately specified for revenue and development budget.

Direct Procurement Method: (PPR-2008, Rule – 74)

Direct Procurement method is used for Procurement for Goods and related Services, Works and physical Services from one source without going through Tendering or other procurement methods but shall under no circumstances be used to avoid competition or to favour a particular Person, Supplier or Contractor to discriminate among Persons, Suppliers or Contractors. Most of the cases for proprietary items are procured using this method.

Request for Proposal Method: (PPR-2008, Rule – 117)

The RFP method is used for the procurement of intellectual and professional services.

2. Board has the full financial power of any amount. There is approved delegation of financial power for the Company. This is being properly maintained. No changes were made in the financial power in the year.

DATA:

International procurement:

3-4. Summary statistics of operating budget procurements (FY 2010-2011)

International

Procurement type	Number of procurements	Total value of procurement (million Taka)	Remarks
RFP	1	15.61	Procurement of Expert Service for 210 MW STPS
OTM	2	13.66	Procurement of Spare parts of 210 MW STPS & Siddhirganj 2x120 MW PPP
DPM	3	108.56	

Local

Procurement type	Number of procurements	Total value of procurement (million Taka)	Remarks
RFP	-	-	
OTM	1	6.00	Procurement for Corporate Office
DPM	-	-	

5. Summary statistics of tendering time (FY 2010-2011)

International

Tender receiving time (Days required from tender invitation)	Evaluation Report Submission time (Days required from tender opening)	Contract Signing time (Days required from evaluation report approval)	L/C opening time (Days required from Contract Signing)	Delivery of goods (Days required from L/C opening)	Procurement type
45-46	10-57	20-37	14-35	92-117	OTM
07-29	16-69	27-31	22-34	168	DPM

Tender receiving time (Days required from tender invitation)	Evaluation Report Submission time (Days required from tender opening)	Contract Signing time (Days required from evaluation report approval)	L/C opening time (Days required from Contract Signing)	1st service starting time (Days required from L/C opening)	Procurement type
52	61	68	7	28	RFP

Local

Tender receiving time (Days required from tender invitation)	Evaluation Report Submission time (Days required from tender opening)	Contract Signing time (Days required from evaluation report approval)	Delivery of goods (Days required from Contract Signing)	Procurement type
21	14	18	14	OTM
-	-	-	-	DPM

6. So far procurement Board committee has not overseen high value procurement, instead; board has done this job. In future this committee will be involved in big procurement activities.

Till there is no significant deficiencies in procurement activities of last year. some complaints were made and those were considered.

EXCEPTIONS:

7. Some accusations/complaints of unethical procurement were received. Those were properly considered.

8. No significant breaches of procurement policy occurred.

9. List of failed procurements (FY 2010-2011)

SI No.	Name	Reasons for failure
1.	Procurement of Spare Parts for Unit Protection System and Testing Tools of Siddhirganj 210 MW Thermal Power Station, EGCB Ltd., Narayanganj, Bangladesh.	The proposal was considered as non-responsive due to major deviation and Non-conformity of tender requirements.

SI No.	Name	Reasons for failure
2.	Procurement of 01(one) Forced Draft Fan Motor and 01(one) Induced Draft Fan Motor of Siddhirganj 210 MW Thermal Power Station, Siddhirganj, Narayanganj, Bangladesh.	The tenderer failed to submit the performance guarantee before signing the contract.

Action taken to prevent the reoccurrence of similar failures:

- ❖ Model no./Drawing no. of different spares are translated in English to increase participation of tenderer.
- ❖ Estimate is prepared based on past record, average inflation rate, recent similar procurement of different organizations and some cases market rate if possible.
- ❖ Division of different lot is done more carefully.
- ❖ Detail technical specification is provided in the tender document.

COMMENTARY:

Presently EGCB is procuring as per PPR and PPA of GOB. For the procurement of project work donor's guideline is followed. EGCB has no procurement policy yet. Procurement Board committee will prepare a procurement policy for EGCB.

Management representation:

Procurement policies for EGCB has not been made yet. At present GOB,s procurement policies and donors guideline is followed for any procumbent. Board accepted the policies. In the procurement no outside interference is allowed. Management is working to make a procurement policy for EGCB.

Annual Budget and Audit Board Committee Report for the FY 2010-2011

Overview:

EGCB Board formed a Budget and Audit Board Committee consisting of three directors of the board. Recently EGCB has appointed a manager and an assistant manager for the internal audit department. This audit department directly attached to the Managing Director for the smooth operation of the company's financial activities.

Upon receiving the audit report, the Audit Board Committee meeting will be held on regular basis.

External auditor:

The decision regarding the appointment of the External auditor and also their remuneration has been taken by the shareholders in the Annual General Meeting (AGM) as per rule stated in the Companies Act. As per World Bank requirement, a well reputed Audit firm Hoda Vasi Chowdhury and Co., Chartered accountants performing the audit of EGCB Ltd. Hoda Vasi Chowdhury and Co. has been appointed to conduct the audit for the year 2010-2011 with a remuneration of Tk. 60,000/= . This audit firm is conducting the audit program of EGCB ltd. for last 3 years.

The audit committee is satisfied with the audit/report of the company.

Internal Auditor:

It is already mentioned earlier that internal audit department has been formed to comprising of well experienced audit personnel. The audit department is giving the comments on the daily accounting and financial activities to confirm the best financial practice. In addition to that as per the instruction of the management, special audit programme has been conducted by the audit department and then the management will take necessary steps against any identified deficiencies (if any).

Internal Control and Accounting System:

The management is very much conscious about the internal control system. In this regard, all the payments is made through checking by the some responsible officers working in the finance and accounts departments. A strong Human Resources Department is working for developing the skills of the working personnel.

To maintain a better accounting reporting system, EGCB Ltd is using accounting software named ACCPAC, an ERP based international accounting software.

Statement of Directors honorarium of the Board of Directors is given below:

Particulars	Current Year Taka.	Previous year Taka.	Number of board members receives Honorarium
Honorarium of each member	5,000.00	4,000.00	9
Total honorarium for every meeting	45,000.00	36,000.00	9

Business Planning and Management Reporting

As EGCB Ltd has no Long term business plan, a World Bank Consultant is working to prepare the same.

As per the Memorandum of Association of the Company, EGCB Ltd. can expand their business through power generation all over the country. At this stage power plants are being constructed at Siddhirganj and Haripur near Dhaka. EGCB is looking for a suitable place to construct a coal based power plant.

External Auditor prepares the Management report on yearly basis and it is presented in the Annual General Meeting (AGM) of the Company. Then, the Board of Directors gives the instructions to the Management.

Financial Reporting

Financial reporting is prepared complying Bangladesh Accounting Standard (BAS) & also Bangladesh Financial Reporting Standard (BFRS). Before finalizing the Audit Report, audit discussions are being held with the Audit Team on regular basis.

Pensions:

There is no Pension Policy in the company's service rule but a gratuity policy is included.

Management Representation:

Management as well as Auditor is satisfied with the present Accounting and Financial system. Accounting system is well informative about financial, operational and commercial issues.

Company Board or Board committee is well informed about the financial status of the company. Annual Accounts and Annual Budget of the company are produced to the Company's Board for approval regularly.

Although, the internal control system is adequate at present, Management is taking steps to strengthen the internal control system and establishing a strong internal audit department.

Annual Promotion and Recruitment Board Committee Report for the FY 2010-2011

Overview:

EGCB formed a three members Promotion and Recruitment Board committee headed by an independent Director. 131 no. of employees are working in EGCB Ltd. among them 58 are officers and 73 are staffs. Present work force will be increased soon as Company's activities are increasing.

Data:

The following data are provided as per requirement:

Transaction details:

- **New Recruitment:** The following officers were recruited during the year.

Designation/Post	Financial Year	No. of recruitment
Manager	2010-2011	7
Deputy Manager	2010-2011	1
Assistant Manager	2010-2011	04

- **Transfer:**

Designation/Post	Financial Year	No. of transfer
Assistant Manager	2010-2011	1

Performance Bonus: No performance bonus was given and no such policy has yet been prepared. Performance bonus policy will be prepared soon.

Training Budget/investment: EGCB made an annual training manual having budget of Taka. .05 million. EGCB will arrange 50 hours training a year for each employee as per professional requirement. Training has already been started in different categories.

Exceptions:

- Promotion and Recruitment Board Committee did not take part in lower level recruitment. This committee will work more extensively in future regarding HR activities.
- No grievances were received from officers and staff so far and as such no action was taken.
- No major disciplinary action was taken against anybody.

Comment:

At present company's Human Resource Division (HRD) is running smoothly. As Company's activities are expanding, so, different types of personnel will be required to be recruited. The company has undertaken 3(three) projects of which one project is in physical operation. Already 58 no. of personnel have been recruited for this plant and a number of personnel will be needed to be recruited in future. EGCB Service rules contain Recruitment Policies and Guidelines. All the recruitments are made following the Service Rules.

Management Representation:

Company's Service Rules is well disclosed to the employee and the Management follows the set HR policies of the Service Rules. Major policies are made by the EGCB Board. HR issues are being monitored regularly by the Management of the Company.