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## Code of Ethics

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### **1. PREAMBLE**

**1.01.** Office of the Comptroller and Auditor-General of Bangladesh herein after called the 'Office' has adopted for Government Auditors this Code of Ethics as guidelines of conduct reflecting moral standards and ethical values that would ensure a credible environment of professionalism. This Code has been prepared in consonance with the 'INTOSAI' Code of Ethics for Auditors in the Public Sector.

**1.02.** The Office encourages all staff to regard themselves as professionals in the sense that they aspire to adopt high standards in the fulfilment of their duties and take pride in accomplishing their job. The Office expects this high moral and ethical attitude to prevail among all staff members.

**1.03.** This Code of Ethics for Government Auditors should be viewed as a necessary complement, reinforcing the Government Auditing Standards, Audit Code and specific Audit Manuals in the discharge of auditing function.

**1.04.** Failure to abide by the provisions of the Code may cause embarrassment to the Office and may call for necessary action.

## **2. INTRODUCTION**

- 2.1. Background**      **2.1.1.** The Office Of the Comptroller and Auditor-General of Bangladesh, which is the Supreme Audit Institution (SAI), deemed it essential to establish a Code of Ethics for Government Auditors to inculcate a consistently high degree of moral and ethical values on the part of the auditors in carrying out their activities as part of the SAI's functions. It is also deemed necessary to foster confidence in the integrity, fairness and objectivity of SAI by the entities whose activities are audited by the Government Auditors, members of the Public Accounts Committee (PAC), other members of Parliament and the General Public.
- 2.2. Concept**          **2.2.1.** A code of Ethics is a comprehensive statement of the values and principles, which should guide the daily work of auditors. The independence, powers and responsibilities of the Government Auditors and the staff SAI employs or engages for audit work demand high ethical values. This Code of Ethics covers the ethical requirements of government auditors, including their professional obligations in particular.
- 2.3. Scope**            **2.3.1.** This Code applies to all staff members at all levels who are under the authority of the Comptroller and Auditor-General of Bangladesh. In the body of the Code, terms such as employees, staff and supervisors should be taken to include all those who perform work for the Office. Therefore, everyone who works for the Comptroller and Auditor-General, including consultants, temporary help and public servants alike is considered to be a member of his staff.
- 2.3.2.** While this Code is intended to provide a clear definition of responsibilities, it cannot address all the possible challenges, which the auditors and other employees may face in performing their responsibilities. This Code places clear responsibility on individual auditors and other staffs for their own conduct and behaviour.

**2.3.3.** The code may be altered from time to time by the Comptroller and Auditor-General of Bangladesh to take account of changed circumstances and situations.

**2.4. Purpose**

**2.4.1.** It is of fundamental importance that the SAI is looked upon with trust, confidence and credibility by the stakeholders of the SAI, who can be classified in the following manner:

- the Parliament,
- the executive authorities of the Republic,
- the general public and the audited entities,
- the international bodies like, UN agencies which may come under SAI audit.
- any other entity that may come under the purview of SAI on request.

All of them are entitled to expect the SAI's conduct and approach to be above suspicion and reproach and worthy of respect and trust.

The auditors can promote this by adopting and applying the ethical requirements enumerated in this Code while performing their responsibilities to the Parliament, the audit entities, the public, and their respective office.

**2.4.2.** Any deficiency or delinquency in the professional conduct or any improper conduct in their personal life places the integrity of auditors and the quality/ validity of their audit work in an unfavourable scenario, and may raise doubts about the reliability and competence of the SAI, itself. Therefore, it is essential that they adhere to this Code of Ethics so that it promotes trust and confidence in the auditors and their work.

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### **3. GENERAL PRINCIPLES**

#### **3.1. INTEGRITY**

**3.1.1.** Integrity is the core value of a Code of Ethics. Auditors have a duty to adhere to high standards of behaviour (e.g. honesty, fairness, candidness, and truthfulness) in the course of their work and in their relationship with the officials of audited bodies. In order to sustain public confidence, the conduct of auditors should be above suspicion and reproach.

**3.1.2.** Integrity can be measured in terms of what is right and what is just. Integrity requires auditors to observe both the form and spirit of auditing and ethical standards.

**3.1.3.** Integrity also requires auditors to maintain irreproachable standards of professional conduct, make decisions with the public interest in mind, and apply absolute honesty in carrying out their work and in handling the resources of SAI.

**3.1.4.** Implicit in the notion of the integrity of the audit office and the auditors are the concepts of independence and objectivity. Auditors must maintain and manifest independence and objectivity. If these characteristics are lacking, they will be unable to fulfil the mandate of the Office.

#### **3.2. INDEPENDENCE**

**3.2.1.** Independence from the audited entity and other interest groups is indispensable for auditors. This means that auditors should behave in a way that enhances and in no way diminishes their independence.

**3.2.2.** While dealing with audit, the independence of auditors should not be impaired by personal or external interests. Independence may be impaired, for example, by external pressure or influence on auditors;

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prejudices held by auditors about individuals, audited entities, projects or programmes; previous employment of auditor with the audited entity; or personal or financial dealings which might cause conflicts of loyalties or of interests. Auditors have a responsibility to refrain from being involved in all matters in which they have a vested interest.

### **3.3 OBJECTIVITY AND IMPARTIALITY**

**3.3.1.** Auditors should try not only to be independent of audited bodies and other interest groups, but also to be objective and impartial in dealing with the issues and topics under review.

**3.3.2.** Auditors should be objective and impartial not only in fact but also in appearance.

**3.3.3.** There is a need for objectivity and impartiality in all work conducted by auditors, particularly about the reports. Conclusions and opinions in the reports should be based on evidence obtained and assembled in accordance with Government Auditing Standards issued by the Comptroller and Auditor-General.

**3.3.4.** Auditors should make use of information furnished by the audited entity and other sources. Information may be taken into consideration by the auditors in an impartial way in expressing their opinion. The auditors should also gather information about the views of the audited body and other entities. However, auditor's own conclusion may remain unaffected by such views.

### **3.4. COMPETENCE**

**3.4.1.** Auditors have a duty to conduct themselves in a competent and professional manner at all times and to apply high professional standards in carrying out their work with competence and impartiality. They have to dedicate themselves to the enhancement of quality and capability through programmes of continuing professional education and personal development.

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**3.4.2.** Auditors must not undertake work they are not competent to perform.

**3.4.3.** Auditors should know and follow applicable auditing, accounting, and financial management standards, policies, procedures and practices. They must also possess a good understanding of the constitutional, legal and institutional principles and standards governing the operations of the audited entity.

**3.4.4.** Auditors should exercise due professional care in conducting and supervising the audit and in preparing related reports. The auditor should ensure that his work is reliable, timely, useful, convincing and candid.

**3.4.5.** Auditors have a professional obligation to update and improve the skills required for the discharge of their professional responsibilities.

**3.4.6.** Auditors should use methods and practices of the highest possible quality in conducting audit. In the conduct of audit and issue of reports, auditors have a duty to adhere to basic postulates of Government Auditing Standards.

**3.4.7.** The performance of the auditor should appropriately be evaluated vis-à-vis.

- a) the training that he has received so far;
- b) the experience that he has acquired
- c) the support that he has received both from the audit office as well as the auditee organisation.

### **3.5. MANDATE**

**3.5.1.** Auditors should keep all of their audit activities within the Office's audit mandate. The full scope of the Office's mandate includes financial statement audit, regularity (or compliance) audit, performance audit, forensic audit, EDP audit and environmental audit.

**3.5.2.** Article 127-132 of the Constitution of the People's Republic of Bangladesh and Comptroller and Auditor-General (Additional Functions) Act, 1974 (as

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amended in 1975 and 1983) are the legal mandates for the Office and all its activities. All Office activities must be justifiable by reference to the terms and conditions of the relevant articles of the Constitution and Comptroller and Auditor-General (Additional functions) Act, 1974 (as amended in 1975 and 1983) and any legislation that may confer audit responsibilities on the Comptroller and Auditor-General of Bangladesh.

### **3.6. ECONOMY, EFFICIENCY AND EFFECTIVENESS OF OPERATIONS**

**3.6.1.** Auditors have a responsibility to try earnestly to achieve cost reduction and ensure the efficiency and effectiveness of the Office and thus maximise Value for Money for the SAI.

**3.6.2.** Like any other department of the government, SAI's operations are also funded by the taxpayers. Since the Principal objective of SAI is to ensure economy, efficiency and effectiveness in the financial activities of the government, it has an even bigger obligation to follow these principles. In this regard, auditors have a responsibility to stand as a model for the rest of the public servants.

### **3.7. POLITICAL NEUTRALITY**

**3.7.1.** It is important to maintain both the actual and perceived political neutrality of the SAI. Therefore, it is important that auditors maintain their independence from political influence in order to discharge their audit responsibilities in an impartial way. This is relevant for auditors since SAI works closely with the legislative authorities, the executive or other government entities empowered by law to consider the SAI's reports.

### **3.8. CONSTRUCTIVE- NESS**

**3.8.1.** The main thrust of audit is to ensure improvements in government activities. Keeping that in mind, auditors should perform a constructive and positive role, which should be reflected in their audit reports.

**3.8.2.** An auditor's role also includes making recommendations to the management of audited

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entities for improvement. While doing so, care must be taken to ensure that the auditor does not assume the role of management in the provision of such advice. For instance, they should avoid direct participation in formulating policies or in designing systems and related controls. Auditors should always keep in mind that the Office's primary role is to give assurance to parliament and not to function in a management role. In case of any confusion, auditors should discuss and clarify with the supervisor in charge of the audit.

**3.8.3.** Auditors should always try to ensure that they:

- a) do not certify any documents, exhibits, statements, schedules or other documents which have not been verified entirely by themselves;
- b) do not fail to disclose a material fact known to them;
- c) do not fail to obtain sufficient information to support the expression of an opinion.

**3.8.4.** Auditors should set a high standard of relationship with all the stakeholders.

### **3.9. PROFESSIONAL SECURITY**

**3.9.1.** It is the auditor's duty to maintain the secrecy of information acquired from audit entities. Unauthorized disclosure of any official information either orally or in writing or its use for personal reasons is prohibited.

**3.9.2.** Disclosure of official information shall only be done through proper authorization by competent authorities for the purpose of fulfilling the SAI's statutory or other identifiable responsibilities. Auditors must ensure the security and confidentiality of all documents, either in the Office or on the premises of the audit entity.

**3.9.3.** Audit entities have an interest and a right to know audit findings and conclusions. It is imperative for the auditor and the audit office to keep all audit findings and conclusions confidential until these findings and conclusions can be completely substantiated,



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processed through the authorized procedure after discussion with the audit entity and approval for release by the competent authority. Due care should be taken by the auditors not to disclose audit findings and conclusions in an improper and premature way that can harm the audit entity and embarrass the audit office.

### **3.10. PERSEVERANCE**

**3.10.1.** Auditors should be polite but tenacious in carrying out audit examinations. Although always open minded, they should not be deflected from collecting and analysing the evidence needed to produce worthwhile findings and conclusions.

### **3.11. SUBSTANTIATION**

**3.11.1.** Auditors must be prepared to defend fully against any challenge regarding all the audit findings, conclusions and observations made by them.

**3.11.2.** Just as the Office applies criteria by which to assess the activities of audit entities, it applies a high standard of proof in evaluating the evidence used to substantiate audit findings and conclusions as well. The standards expected of the auditors are no less stringent than those, which the audit office expects of the officials of the entities it audits. This is expected by the audited entities and also help maintain and uphold the Office's credibility.

**3.11.3.** Auditors should ensure that the supporting evidence of an audit report is sufficient, reliable and relevant, so that the conclusions or judgements reached can be convincingly substantiated.

**3.11.4.** Auditors should present only those findings that are soundly based on clear and current facts and those that can stand up to strenuous scrutiny. At times, it may become necessary to present findings and conclusions that involve interpretation, but such interpretation must be based on fact and must be logically consistent and reasonable. Auditors ought to maintain an objective, factual perspective.

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**3.12. CLEAR  
COMMUNICATION**

**3.12.1.** The reports prepared by the auditors for the Parliament should be objective, balanced in content and tone, reliable, clear and persuasive. They have to be written following the **7 Cs** of good and effective communication.

In short the report has to be:

1. Clear
2. Concise
3. Courteous
4. Correct
5. Credible
6. Concrete
7. Complete

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### **4. CONDUCT IN RELATION TO PUBLIC COMMUNICATION**

**4.1.** All public communications (e.g., speeches, press releases, speaking at conferences, etc.) by any employee of the SAI can only be made after the individual has received the appropriate authorization from the competent authority.

**4.2.** SAI's responsibility to the Parliament implicitly generates a responsibility to the general public since Parliament is the representative of the general public. But SAI's primary reporting relationship is not directly to the general public, but to the Parliament through the Public Accounts Committee. The audit office can communicate its publication (most notably, the audit reports and other reports prepared by the audit offices) to the general public by issuing to the mass communication media, but only after it has been presented to the Parliament.

**5. RESPONSIBILITIES  
TO THE OFFICE**

**5.1. PERSONAL  
CONDUCT**

**5.1.1.** All auditors and staff members working for the Comptroller and Auditor-General shall observe the conditions of employment and other legislation like Government Servants Conduct Rules, 1979 and Government Servants (Discipline and Appeal) Rules, 1985, The Public Employees Discipline (Punctual Attendance) Ordinance, 1982, The Evidence Act, 1872, The Official Secrecy Act, 1923 etc.

**5.1.2.** Adherence to policies formulated by the audit offices including this Code of Ethics is binding upon all staff members under the control of the Office.

**5.1.3.** All the auditors and other staff members must observe the confidentiality of internal documentation and communications.

**5.1.4.** Auditors should not use their official position to gain unfair advantage, whether pecuniary or non-pecuniary.

**5.1.5.** The auditors should not undertake, or consider undertaking, political activities while remaining under the control of the SAI, not only because this type of activities are prohibited by Government Servants Conduct Rules, 1979, but also because, such involvement might have or be seen to have a negative impact on their ability to discharge their professional duties impartially.

**5.1.6.** All the staff members should ensure that they do not discriminate on the grounds of gender, religion, disability or illness.

**5.1.7.** All staff members have a responsibility for their behaviour regarding all sorts of harassment. Harassment is vexatious, worrying or persistently annoying conduct. Harassment may take many forms. It can range from extreme forms such as sexual, religious violence and

bullying to less obvious actions such as ignoring someone in the workplace. It may occur in the Office or when work takes staff away from home, outside normal working hours. Whatever form it takes and whenever it arises, it puts great strains on the individual's personal and family life.

**5.1.8.** All the staff members have a personal responsibility, so far as is reasonably practicable, to ensure that they do not put the health and safety of others at risk by their actions.

**5.1.9.** Staff members should ensure that they use public resources efficiently and effectively and do not use them for private purposes. This applies to the use of all office equipment including telephones, fax, computers (including e-mail and the Internet) and photocopiers, office premises and official transport etc of both Office and audited body.

**5.2. CONFLICTS OF INTEREST**

**5.2.1.** Auditors, before embarking on an audit assignment, must notify to their audit office or supervisor in charge of the audit that neither they nor their immediate family has any interests that could jeopardize or call into question their impartiality or objectivity in making judgements. This disclaimer also requires that the auditors inform the appropriate authorities in the Office, should any potential conflict of interest arise at a later date.

**5.2.2.** In order to keep honesty and impartiality of the auditors beyond reproach, they should not place themselves in a position where they are under any obligation to any person who might benefit from special consideration or favour on their part or seek in any way to gain special treatment from them. Auditors should not have any interest that could conflict in any manner in discharging their official duties.

**5.2.3.** The Office of the Comptroller and Auditor-General is particularly vulnerable to allegations of conflict of interest because they call into question the Office's objectivity and competence to pass impartial judgement. These are the

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essential attributes for the success of the Office's objective. Since the Office's reputation depends upon public's perception of the Office's activities, an appearance of a conflict of interest on the part of an employee can be just as damaging as an actual conflict of interest.

**5.2.4.** Auditors who believe that there is a possibility of a conflict-of-interest situation, they should disclose the matter to their supervisor, who shall then determine, in consultation with superior authority, what steps should be appropriate to address the situation.

**5.2.5.** Conflict-of-interest situations may fall into the following categories:

- a) financial arrangements
- b) exclusivity of service
- c) past work experience
- d) acceptance of gift
- e) seeking new employment

**a) FINANCIAL  
ARRANGEMENTS**

**i)** Auditors should not have any financial interest that could conflict in any way in discharging their responsibilities, call into question their motive regarding the matter in question or cause the Office embarrassment or loss of credibility.

**ii)** A significant financial interest in an audit entity or any organisation that has major or important dealings directly or indirectly with an audit entity might be considered as a conflict of interest. An auditor in such a situation must report to his or her Supervisor or higher authority if appropriate. It is the responsibility of the auditor to make full and frank disclosure of situations where he or she suspects that a conflict of interest may exist. The Office is then obliged to determine whether a conflict of interest does exist and, if so, what appropriate steps should be taken.

**b) EXCLUSIVITY OF  
SERVICE**

**i)** Auditor's primary professional duty is to the audit Office. This duty takes precedence over any other working

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relationships. Any secondary employment relating to government activities, either directly or on behalf of an external third party, presents a prima facie conflict of interest and is therefore not allowed. Auditors are obliged to disclose to their audit Office, any secondary employment of this nature that they may have. The responsibility lies with the individual employee to inform the Office of such situation.

ii) Any unauthorized outside work during office hours by any employee is considered as improper and constitutes grounds for disciplinary action. The employee should not use any official information in any outside work.

**c) PAST WORK  
EXPERIENCE**

i) Auditors must inform the audit Office of any situation where a former position might bring the propriety of the Office's work into question.

ii) If an auditor has previously worked for an audit entity, he should bring this to the attention of the supervisor or appropriate higher authority.

**d) ACCEPTANCE OF  
GIFT**

i) Auditors should protect their integrity and prevent the appearance of a conflict of interest by refusing the offer of gifts and other benefits like free travel, hospitality, accommodation or entertainment. In such matters they ought to follow Government Servant's Conduct Rules, 1979. Persistent offers of gifts should be reported to the supervisor in charge or to a higher level if appropriate.

ii) Gifts from audit entities present an obvious situation where a conflict of interest might easily be seen to exist. Auditors should avoid even the suspicion of a conflict of interest. They must not give the impression that they have been or may be influenced by any gift, hospitality or other consideration to show favour or disfavour to any person or entities being audited while acting in an official capacity. The policy of the Office is that auditors should not accept any gift at all.

iii) An exception to this rule is the case of gifts to the Comptroller and Auditor-General or representatives of the

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Office of the Comptroller and Auditor-General by foreign dignitaries or colleagues. Such gifts may be accepted in accordance with the provisions of the Government Servants Conduct Rules, 1979. If the value of the gift is more than the value prescribed in the provision of that rule, they automatically become the property of the Republic. Gifts of lesser value may be held privately by the individual concerned.

**e) SEEKING NEW  
EMPLOYMENT**

i) Employees of the department are permitted to seek or negotiate other employment with other Government entity or an International Organisation but first must notify his/her respective Head of the office or if appropriate the Office.