

Islamic Republic of Afghanistan
Supreme Audit Office

Code of Ethics for the officials/auditors of the Supreme Audit Office (SAO) Afghanistan

کدهای اخلاقی کارکنان اداره عالی تفتیش

The Supreme Audit Office (SAO) of the Islamic Republic of Afghanistan, being the supreme audit institution of public sector audit in the country;

Having regard to its mandate, duties and responsibilities under the SAO Audit Law SY 1391 and other applicable laws and regulations for its officials and staff as civil servants;

Taking into account the requirements of Article 25 of the Audit Law – Enactment of Procedures, Article 22 – Auditors Violations, Article 11 - Duties and Authorities of Auditors and other applicable requirements with regard to the professional conduct of the auditors and the staffs / officials of the SAO under the Audit Law;

Recognizing the importance of the international Code of Ethics for auditors in the public sector established by the INTOSAI through ISSAI – 30: Code of Ethics,

Hereby adopts and declares the following code of ethics and the fundamental principles to be mandatory for all the officials and auditors of the SAO in their professional conduct and relationship with auditee entities, their officials and all the stakeholders.

For the purpose of the Code of Ethics & the Fundamental Principles contained herein, the term “Auditor” includes all officials / staffs / auditors of the SAO.

Code of Ethics & Fundamental Principles

1. Integrity –

Integrity is the core value of a Code of Ethics and should reflect honesty and truthfulness or accuracy of auditor’s actions and measured in terms of what is right or just. Integrity also requires auditors to observe the principles of independence and objectivity, 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 the SAO.

Integrity establishes trust in auditor and audit, and thus provides the basis for reliance on the judgment of auditors. SAO is committed to uphold the value and principle of integrity and its auditors have a duty to adhere to high standards of behaviour (e.g. honesty and candidness) in the course of their work and in their relationships with the staff of audited entities. In order to sustain public confidence, the conduct of auditors should be above suspicion and reproach.

Auditors should avoid all association with mischievous, false, unprofessional, misleading or fraudulent activities, including connivance with officials of the audited entity. Auditors are required to stay beyond suspicion of compromise and conflict of interest.

SAO is also committed to ensuring transparency and accountability and legality of its own operations.

Since integrity and honesty are also related to personal values and character and are much related with Iman and Taqwa, articles of Islamic faith and consciousness and presence of Almighty Allah everywhere by a faithful, the auditors of the SAO in the Islamic Republic of Afghanistan are personally responsible for their integrity and honesty as a matter of their faith and shall be responsible for their deeds and misdeeds on the final Day of Judgment to the Almighty Allah.

2. Independence, Objectivity and Impartiality –

Independence from the audited entity and other outside interest groups is indispensable for auditors. This implies that auditors should behave in a way that increases, or in no way diminishes, their independence. Auditors should strive not only to be independent of audited entities and other interested groups, but also to be objective in dealing with the issues and topics under review. It is essential that auditors are independent and impartial, not only in fact but also in appearance.

Independence is an all pervasive value that informs the day-to-day work of the auditor and on which hinges the quality of the audit product. The independence of auditors should not be impaired by personal or external interests. Independence may be impaired or adversely affected, for example, by external pressure or influence on auditors; prejudices held by auditors about individuals representing or associated with the audited entities, projects or programmes; recent previous employment with the audited entity; or personal or financial dealings which might cause conflicts of loyalties or interests.

There is a need for objectivity (based on facts and evidences) and impartiality (without personal or other prejudices) in all work conducted by auditors, particularly in their reports, which should be accurate and objective. Conclusions and opinions and reports should, therefore, be based exclusively on facts and evidence obtained and assembled in accordance with the SAO's auditing standards. Objectivity is neutrality of auditor in field audit work and audit reporting.

SAO Auditors should make use of information brought forward by the audited entity and other parties. This information is to be taken into account in the opinions expressed by the auditors in an impartial way. The SAO auditors should also gather information about the views of the audited entity and other parties and reflect them in their reporting in an impartial and balanced manner. However, the auditors' own conclusions should not be affected by such views.

Article 11(1) of the Audit Law requires that the audit staffs need to be impartial and objective in conduct of audit. This enjoins upon the SAO auditors to carry out audit in a professional manner and report their conclusions on the basis of facts and accuracy of documents and evidence as per professional judgments without personal interests or emotions. This also requires auditors to be objective and impartial and behave without any conflict of interest or external pressure in dealing with the issues and topics under audit. Objectivity and neutrality also includes being politically neutral.

3. Political Neutrality –

It is important to maintain both the actual and perceived political neutrality of the SAO. That is the SAO or its auditors should neither actually profess any alignment with a particular political view or susceptibilities to such political influence. 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 SAO work closely with the legislative authorities, the executive or other government entity empowered by law to consider the SAO's reports.

It is important that where SAO auditors undertake, or consider undertaking, political activities (i.e., as a member of a political formation/party/group), they bear in mind the impact, which such involvement might have - or be seen to have - on their ability to discharge their professional duties impartially. If auditors are permitted to participate in political activities (such as a member of a political party/formation/group/agitation/protest), they have to be aware that these activities may lead to professional conflicts.

In case, an SAO auditor holds or intends to hold a membership of a political organisation / formation / group / party or to form such an organisation / formation / group / party or participate in political activities, the same should be declared to the SAO promptly and in writing.

4. Conflict of Interest -

Auditors should take all precautions to avoid any conflict of interests (personal or external) with the audited entity. The principle of *avoiding conflict of interest* with the audited entity include independence in audit and audit reporting by avoiding any relationship with management and staff in the audited entity or other parties that may influence and threaten auditor's independence, avoiding use of official or civil service position for personal gain or gains of related parties or any private interests that may be termed as corrupt practice or raise doubt about independence or objectivity or impartiality or all of these.

Article 14 of the SAO Audit Law stipulates that an auditor cannot audit an entity if employed or appointed as a legal representative by the organization or entity under audit or being involved in provision of annual financial statements and its financial reporting during last five years, if has a share in the entity under audit or have invested in it, or if has a relationship with one of the officials of an audited entity up to grade 3 officers.

When auditors are permitted to provide advice or services other than audit to an audited entity, care should be taken that these services do not lead to a conflict of interest. In particular, auditors should ensure that such advice or services do not include management responsibilities or powers, which must remain firmly with the management of the audited entity.

Auditors should protect their independence and avoid any possible conflict of interest by refusing bribe and other monetary considerations, gifts or gratuities which could influence or be perceived as influencing their independence and integrity in professional works.

Auditors should avoid all relationships with managers and staff in the audited entity and other parties which may influence, compromise or threaten the ability of auditors to act and be seen to be acting independently.

Auditors should not use their official position for private purposes and should avoid relationships which involve the risk of corruption or which may raise doubts about their objectivity and independence.

Auditors should not use information received in the performance of their duties as a means of securing personal benefit for themselves or for others. Neither should they divulge information which would provide unfair or unreasonable advantage to other individuals or organisations, nor should they use such information as a means for harming others.

In case of conflict of interest, as above, the auditor shall promptly and as a matter of urgency, must declare the same to the SAO in writing, including for re-assignment of audit party.

5. Professional Secrecy & Confidentiality -

Auditors should not disclose information obtained in the auditing process to third parties, either orally or in writing or through digital means or in physical form, except for the purposes of meeting the SAO's statutory or other identified responsibilities as part of the SAO's normal procedures or in accordance with relevant laws in public interest.

Auditor should not use the information received in the performance of their duties as a means of securing personal benefit for themselves or for others. Neither should they divulge information which would provide unfair or unreasonable advantage to other individuals or organisations, nor should they use such information as a means for harming others.

Confidentiality and non-disclosure of information or data acquired during the audit to anyone for personal or individual benefits is also required by Article 11 (6) of the Audit Law. However, this does not imply not sharing the information and audit observations and conclusions with the responsible authorities of the entity, which are responsible for the operation and management of the entity and for taking corrective actions on audit recommendations.

Auditors shall respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

6. Professional Competence

SAO Auditors have a duty to conduct themselves in a professional manner at all times and to apply high professional standards in carrying out their work to enable them to perform their duties competently and with impartiality.

SAO Auditors must not undertake work they are not competent to perform.

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

Auditors have a continuous obligation to update and improve the skills required for the discharge of their professional responsibilities and apply the knowledge, experience and skills in their audit, including continuously assessing new developments in auditing methodologies, applying modern auditing techniques, tools and practices, and constantly seeking to improve knowledge, skills and capabilities.

7. Professional Development -

Auditors should exercise due professional care in conducting and supervising the audit and in preparing related reports.

Auditors should use methods and practices of the highest possible quality in their audits. In the conduct of the audit and the issue of reports, auditors have a duty to adhere to basic postulates and generally accepted auditing standards.

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

Auditors shall inform and update the SAO of their intention and requirements of professional development and capacity building as per new or assigned tasks.

8. Detection and Reporting of Fraud and Corruption

As per the Article 16 of the SAO Audit Law, if a criminal case is identified during the audit, the SAO is required to forward the case to concerned entities (Attorney General Office and other designated Departmental and Agency authorities/Agencies) for further investigations and legal prosecution.

As such, the auditors are responsible for reporting any fraud committed by colleagues, officials, suppliers, contractors or any related party to the relevant authority. The auditors of the Supreme Audit Office are required to comply with the rules of law in the fight against corruption and to avoid any kind of activity and conduct that would cause suspicion or corruption to be committed by them.

The Auditors are required not to be a party to fraud and corruption either directly or indirectly and must protect public property. Fraud and Corruption are against the tenets of Taqwa and Iman and all faithful auditors are required to abstain from them.

9. Discrimination and Harassment -

SAO does not condone any discrimination or harassment on the basis of social and gender differences or gender differences.

This issue can take various forms that include sexual violence, racial use of force, and the neglect of others' rights in the workplace, which causes disappointment, non-attendance, poor performance, and even resignation, and these issues have a negative impact on the performance of the staff, which should be avoided.

All officials/ auditors/staff of the SAO are required to disavow/disown and abstain from exercising any form of discrimination and harassment against any person and must not, in any condition, indulge in harassment of female staff/colleague.

Effective Date

تاریخ اجرا

The code of ethics and the fundamental principle come into force with effect from the date approved, signed and made applicable by the Auditor General, Afghanistan.

Applicability of the Code of Ethics & the Principles for those employed by the SAO as National Technical Advisors / National Auditors / National Experts

Those National Technical Advisors / National Auditors / National Experts who are employed by the SAO or are appointed either for a short term or in lieu of a vacant Tashkeel position shall have the same obligation of abiding by the code of ethics and the fundamental principles contained herein.

Commitment & Assurance

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Each official and auditor of the SAO having agreed upon to abide by the code of ethics and the principles contained herein in her/his professional work, shall sign an assurance / commitment declaration as per the format given in *Annexure – 1* and shall abide by it all through her/his professional work and conduct.

A failure to do so or a violation of the code of ethics and the principles contained herein shall make an official / auditor liable for either disqualification to be an official/auditor of the SAO or for a specified punitive action or both to be decided by an appointed committee.