

## **2. ROLE OF THE AUDITOR-GENERAL**

### **2.1 Parliamentary Control and Public Accountability**

Accountability of elected officials and the public servants that implement their policies is a cornerstone of democratic government. In Pakistan, the government is formed of elected representatives of the people, and is required by the Constitution to seek a fresh mandate every five years.

To ensure the administrative machinery of the government performs its functions in accordance with the aspirations of the people, the National Assembly (lower house of the Parliament) and the four Provincial Assemblies constitute Standing Committees on Public Accounts (PACs). The PACs are mandated to oversee the implementation of government policies and programmes.

The Government departments and agencies are held accountable for any major departure from the approved budget and for significant violations of rules and regulations. The Auditor-General of Pakistan reviews the financial statements submitted by each Government department and agency and reports findings to the President and Provincial Governors who submit them to the National and Provincial Assemblies respectively. The legislatures assign these reports to the PACs for detailed scrutiny. Each PAC holds hearings at which secretaries of the ministry, divisions and departments submit their responses to the Auditor-General's observations. Based on this testimony, each PAC then makes its recommendations to the National Assembly. This process ensures that departments and agencies are accountable to government for implementation of policies in accordance with regulations.

### **2.2 Introduction to Auditing**

Auditing is the process by which the Auditor-General of Pakistan (or such officer of the department as may be authorised in this regard by general or special order) evaluates the financial statements that have been submitted for audit by the ministries, departments and agencies, against the government's accounting and financial administration policies to enable them to prepare a report or state an opinion on the financial statements.

Section 3.4 of DAGP's Auditing Standards requires that a financial audit will include a test of compliance with applicable laws and regulations.

To ensure that an audit has value, it should be conducted in accordance with generally accepted auditing standards (GAAS). These standards have developed over many generations of auditors around the world to provide the basis for ensuring complete, accurate, honest and transparent reporting of financial operations.

### **2.3 Legislative Basis**

The authority under which the Auditor-General of Pakistan conducts audits is given by Article 169 of the Constitution of the Islamic Republic of Pakistan. In addition, Articles 168 to 171 also relate to the work of the Auditor-General.

Until 1 July 2001, most of DAGP's audit work was performed under Articles 168 to 171 of the Constitution, and the Pakistan (Audit and Accounts) Order, 1973.

Effective 1 July 2001, the Pakistan (Audit and Accounts) Order, 1973 was replaced by the following two ordinances:

- Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 (Auditor-General Ordinance); and
- Controller General of Accounts (Appointment, Functions and Powers) Ordinance, 2001 (Controller General Ordinance).

Among other things, these ordinances elaborate on the functions, powers and responsibilities of the Auditor-General of Pakistan in line with the provisions of Article 169 of the Constitution.

Section 7 of the Auditor-General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 (Auditor-General Ordinance) states that “*The Auditor-General shall, on the basis of such audit as he may consider appropriate and necessary, certify the accounts*” ... “*of the Federation, of each Province and of each district*”. A financial attestation audit leads to the certifications called for in Section 7 of the Auditor-General Ordinance.

In addition, Section 8 of the Auditor-General Ordinance mandates an audit of expenditures of the Federation and of each province and Section 12 of the Auditor-General Ordinance mandates an audit of the receipts of the Federal Government and of each Province and each district.

## **2.4 Vision, Mission and Values**

DAGP has developed a set of guiding principles for the exercise of its mandate. These principles – the Vision, Mission and Values - are as follows:

The Vision of DAGP is *to add value to public resources.*

The Mission of DAGP is *to develop our auditing and accounting capabilities to establish ourselves as a credible professional institution that promotes good governance and public accountability.*

The Values held by DAGP are:

*Accountability.* DAGP holds itself accountable for the achievement of its vision, mission, and these stated values.

*Professionalism.* DAGP conducts all of its activities in an open, transparent, disciplined and highly ethical manner that is worthy of professional respect and trust.

*Integrity.* DAGP takes an objective, fair, honest and balanced approach to all of its activities.

*Excellence.* DAGP strives for excellence in all of its activities.

*Reliability.* DAGP produces high quality products that are timely, accurate, useful, clear and candid.

*Cooperative and constructive spirit.* DAGP works with parliamentarians and with its audit entities, staff, suppliers, consultants and other parties with whom it deals in a professional, cooperative and constructive manner.

*Innovative spirit.* DAGP constantly looks for ways to improve its audit practices, operations and other activities.

*Making a difference.* DAGP constantly looks for ways to improve the operations of the entities that it audits.

*Risk managers.* DAGP managers and staff are encouraged to accept challenges, and to take and manage the risks required for DAGP to achieve its vision, mission and stated values.

*Open communications.* DAGP maintains open and timely communications with parliamentarians and with its audit entities, staff, suppliers, consultants and other parties with whom it deals.

*A respectful workplace.* DAGP provides a workplace in which a diverse workforce can strive for excellence and professional competence, and where individuals can realise their full career potential.