

## SUPREME AUDIT INSTITUTION AND PUBLIC TRUST

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A Supreme Audit Institution – SAI – is the national agency, which is responsible for auditing the government revenue & spending, oversees the management of public funds, and determines the credibility of reporting of the government's financial data, this is the universally accepted role of the SAI. The only difference that arises in this is the result of the legal mandate, reporting relationships and effectiveness, which is a result of the governance systems and government policies. In simple words the function of the SAI is to check whether or not the usage of public funds are being utilized efficiently, effectively, and economically for intended purposes in compliance of existing rules and regulations. It is very critical for the SAI to report in a reliable and objective manner to ensure accountability and transparency in public management. This fulfillment of responsibilities and functioning is what fosters public trust in the SAI.

Trust means a strong belief in the honesty or reliability of a person. The auditor, as the recipient of that belief from the general-public, has an obligation of moral and ethical behavior in order to meet the expectations bestowed on his work. Trust is a quality attached to the audit services to the extent that the purpose of auditing the financial statements may be lost when there is no trust among the public. A lack of trust in the

auditor's abilities to guard the public interest leads to questioning his legitimacy. Thus, the SAI is the collective epitome of this trust.

Auditors act as an intermediary between the public and the government, resultantly, the SAI also holds this position. The fact is that auditors (and SAIs) respond to a number of stakeholders simultaneously by only performing the one major responsibility of keeping eyes on usage of public funds, which places the SAI itself in a position of accountability by these stakeholders. In this sense, the auditors are the legitimate guardians of public interest, because they in a way, as a moral duty, act on behalf of the public while holding the government and its offices accountable for their actions and decisions – these actions and decisions may affect the people and sometimes these are also taken for the benefit of people. In this way, the auditors may gain trust from the people for themselves and their work. Trust is buildup when ethics provide a strong foundation to the role and work of auditors.

### **Ethics and trust**

Ethics undertake a critical role in making sure that the interests of the auditor do not mire his responsibilities towards his work, performing of functions and in maintaining the trust that has been placed in him. At this



point, they have to be extra careful and vigilant so that their professional judgment may not be weakened by any pressure or incentive from the management of the respective government's institutes/the auditees. The auditors, through their profession, validate the finances, the performance, the decisions and the results of the institutions they audit to be reliable and trustworthy. This is the responsibility of an auditor to comment on the work and activities of an institution, of which he has never been an integral part. This is the reason that an auditor should avoid pursuing his own personal interests while doing his job. Thus, any situation of conflict of interest, which could affect auditor's professional judgment that cause auditor to compromise on ethics, the auditor should keep himself neutral from such conflicts so that auditor may act with confidence and work as an agent of trust.

INTOSAI – P 12 – The Value and Benefits of Supreme Audit Institutions, Making a Difference to the Lives of Citizens (formerly known as ISSAI 12) revolves around conducting audit to make government institutions believe in responsibility and their accountability for their decisions and actions over the utilization of public resources. Thus, it is all about ensuring belief over usefulness of an SAI to the stakeholders and Citizens, in other words on public interest. It is for this reason an SAI and its auditors have to be seen as trustworthy. One way of doing so is by following a strong code of ethics within the

SAI as well as in performing the functions of the SAI. In all this, it can be reiterated that the auditor as well as the SAI must follow a specified code of ethics to maintain the trust that the people, the citizens have placed in them.

As is apparent from the discourse so far is to maintain a certain level of ethical standards and adhering to those ethics is important in building trust between the citizens and the SAI. Keeping abreast of this bonding relation between the SAI and the citizen with ethics as the foundation stone of this trust, INTOSAI community developed a complete standard of ISSAI 130 in itself that the member SAIs are expected to follow. The ISSAI 30, now recalled/renamed as ISSAI 130 – Code of Ethics presents the SAIs and all those working on behalf of the SAI, with a complete set of guidance as to the set of values and principles that should underlie a behavior. It furthermore gives a detail on what comprises as an ethical behavior in a particular situation and how those values and principles are to be embedded in the daily work life, more specifically while conducting an audit. So for an auditor, if a situation arises that threatens the fundamental values of ethics of the SAI, appropriate safeguards should be put in place to reduce the risk to an acceptable level. When the stakeholders, especially citizens observe such principle based approach of the SAI and its auditors towards dispensing of the duties in such a manner, their trust level increases.



### Conclusion

The underlying characteristics of audit are trust and independence and while performing an audit, an ethical conduct is an essential element to ensure that these characteristics are not compromised. Reflection of ethical behavior occurs when auditing standards, auditing guidelines in conjunction with code of ethics are followed. Public trust can be ensured when auditors

prioritizes their professional judgment over personal interests. It is this trust that measures the degree of confidence that public places in the SAI. An SAI can only provide value and benefit to the citizens and to the public at large, if itself is found as trustworthy. This trust further contributes to economic sustainability. In the end, it is about the SAI acknowledging its responsibility towards the community.