

AUDIT CODE

*Issued by authority of the
Comptroller and Auditor-General of Bangladesh*

PREFACE TO THE SECOND EDITION (BANGLADESH)



This edition is a revision of the existing version of the Audit code. This code was first published in 1938 in undivided India and later adaptations were made in the then Pakistan in 1951 (reprinted in 1959) and in Bangladesh in 1980 incorporating major changes and deleting obsolete provisions as and when they occurred. This Code derives its authority mainly from articles 128 and 132 of the Constitution of the People's Republic of Bangladesh and the Comptroller and Auditor-General (Additional Functions) Act, 1974.

2. The scope of government audit has become much wider all over the world responding to the need of the time. As a result, improvements in financial audit are now quite substantial and emphasis on value for money is more pronounced than ever. This edition of the Code reflects the above developments in the field of statutory government audit and also highlights the increasing role of auditors as well as auditees in achieving the wider goals of audit. It also demonstrates to all stakeholders that reforms in government audit in Bangladesh are aimed at bringing the standard and scope of the audit of public money and resources up to the best international standards and practices.
3. The changes needed to move from existing audit practices and scope of work to international standards are substantial and will take time. However, a start already initiated over the last few years is being reinforced with the reforms outlined in this Code. Revised audit manuals prescribing detailed audit techniques and procedures to achieve the above goal will follow.
4. Government auditors will henceforth spend an increasing amount of time assessing whether public money is being used economically, efficiently and effectively and thereby help achieve value for money. The benefits of value for money audit are immense for all countries in general and developing countries in particular. It is, therefore, important that the role and value of audit is publicly demonstrated and understood. It is also increasingly evident that an independent and effective government audit provides a safeguard of the stewardship of public money – a key element of good governance, aimed at promoting accountability and transparency. The publication of this Audit Code highlights the contribution which government auditors and audited bodies can make towards good governance in Bangladesh.

Dhaka
12 July, 1999

M. HAFIZUDDIN KHAN
Comptroller and Auditor-General

PREFACE TO FIRST EDITION (BANGLADESH)

This edition is an adaptation of the 1959 edition of the Audit Code published in Pakistan. It includes all corrections issued up to the 16th December 1971. Opportunity has been taken to incorporate all the major changes that occurred up to December 1976 and carry out certain verbal changes due to the establishment of Bangladesh from the 16th December 1971.

2. Errors or omissions, that may come to light, or suggestions regarding amendments should be brought to the notice of the Comptroller and Auditor-General of Bangladesh.

Dacca
22 July 1980

OSMAN GHANI KHAN
Comptroller and Auditor-General

PREFACE TO FIRST EDITION (PAKISTAN) REPRINT

This edition is simply a reprint of the First Edition (Pakistan) of the Audit Code with such amendments as have been rendered necessary due to the introduction of the Government of Pakistan (Audit and accounts) Order, 1952. It also embodies correction slips issued up to 31st December, 1958. References to the Concordats (sic) in the various Articles have also been omitted, as they have since been abrogated by the Central and Provincial Governments at the instance of the Comptroller and Auditor-General.

2. Errors or omissions, that may come to light, or suggestions regarding amendments should be brought to the notice of the Comptroller and Auditor-General of Pakistan.

KARACHI
1959

GHULAM ABBAS
Comptroller and Auditor-General

PREFACE TO FIRST EDITION (PAKISTAN)

This edition is an adaptation of the 1939 edition of the Audit Code published in undivided India. It includes all corrections issued up to the 14th August 1947. Opportunity has been taken to carry out certain verbal changes due to the establishment of Pakistan from the 15th August 1947.

2. Errors or omissions, that may come to light, or suggestions regarding amendments should be brought to the notice of the Auditor-General of Pakistan.

KARACHI
Dated the 31st March, 1951

GHULAM ABBAS
Comptroller and Auditor-General

PREFACE TO FIRST EDITION (INDIA)

This Code mainly derives its authority from the provisions of the Government of India (Audit and Accounts) Order 1936, made under sections 166 and 170 of the Government of India Act 1935, and together with the Audit Manual (to be published separately) it supersedes all the rules and instructions relating to audit contained in the Audit Code, Volumes I and II, First Edition (Second Reprint) 1935. By virtue of those provisions the Auditor-General of India has the power subject to the limitation specified in the aforesaid Order to frame rules and give directions in all matters pertaining to the audit of expenditure and of the other transactions and accounts for which he is responsible under that Order. The rules in this Code apply also to the audit of transactions of the Crown Representative for which the Auditor-General is responsible under section 171 of the Act.

2. All essential audit directions of the Auditor-General have been set out in this Code, less important instructions and regulations governing procedure have been relegated to the Audit Manual. Except where a contrary intention has been expressed the instructions in this Code should be considered as mandatory and not permissive.
3. This code is divided into five sections as follows:

SECTION I Definitions

SECTION II Functions of the Auditor-General and General Audit Arrangements

SECTION III General Principles and Rules of Audit

SECTION IV Supplementary Audit Regulations

SECTION V Results of Audit

Sections I contains definitions of certain technical and other expressions used in this Code.

Sections II defines generally the functions of the Auditor-General and his position *vis a vis* the various Executive authorities set up by the Government of India Act 1935.

Sections III to V set out the general principles and rules of Audit. These principles and rules are for the most part based on those contained in the existing Audit Code,

Volumes I and II, First Edition (Second Reprint), which have been suitably amended and amplified to fit in with the changes introduced by the new constitution. These general principles and rules regulate not only the main classes of audit in general but also their application to the particular sub-divisions of work in an Audit Office. The rules relating to detailed audit process contained in the existing Audit Code, Volumes I and II, will after suitable modification be incorporated in the separate Audit Manual to be issued by the Auditor-General.

4. The functions which have been entrusted to the Auditor-General under certain sections of the Act and Orders issued thereunder e.g. Section 144(1) as well as audit functions which the Auditor-General has assumed in a “consent basis” have for the sake of facility been dealt with in this Code.
5. While the rules in Section IV – Supplementary Audit Regulations – are intended primarily for the guidance of those Audit Offices under the Auditor-General who are responsible for the keeping of accounts under paragraph II(1) of the Government of India (Audit and Accounts) Order 1936, those in other sections are intended for all Audit Offices. In the case of departments the accounts of which are kept by an organisation which is not subordinate to the Auditor-General, the apportionment of duties, specified in Section IV between the Audit and Accounting authorities will be such as may be prescribed in departmental codes or manuals.
6. Excepting the regulations for the conduct of audit of receipts and accounts of stores and stock set out in Appendices I and II to the Code which have been made by the Governor-General and the Governors of Provinces after consultation with the Auditor-General, the other rules in this Code can be amended only by the Auditor-General who will welcome any suggestions for amendment that may be made for his consideration by Government as well as Audit Officers.

NEW DELHI
The 21st November, 1938

E BURDON
Auditor-General of India

Contents

Article Page

GLOSSARY		<i>i - iii</i>
Chapter – 1 Purpose of the Audit		<i>.... 1</i>
Introduction	1-2	<i>..... 1</i>
Stewardship of Public Resources	3-5	<i>..... 1</i>
General Audit Objectives	6	<i>..... 2</i>
Main Scope of the Audit	7	<i>..... 2</i>
Chapter – 2 Powers, duties and functions of Auditors		<i>.... 5</i>
Powers	8	<i>..... 5</i>
Duties	9-15	<i>..... 5</i>
Functions	16	<i>..... 7</i>
Chapter 3 – Audit Approach		<i>.... 9</i>
General principles of the Audit Approach	17-25	<i>.... 9-12</i>
Audit of probity and propriety	26	<i>..... 12</i>
Audit of regularity and legality	30	<i>..... 14</i>
Audit of financial systems, internal controls and financial statements	32	<i>..... 15</i>
Opinion on Financial Standing	35	<i>..... 16</i>
Audit of receipts	36	<i>..... 16</i>
Audit of expenditure	38	<i>..... 16</i>
Audit of Works expenditure	40	<i>..... 17</i>
Audit of Contracts	42	<i>..... 17</i>
Audit of Assets including Stores and Stocks	46	<i>..... 19</i>
Audit of Loans and Advances	48	<i>..... 19</i>
Value for money (VFM) audits	50	<i>..... 20</i>
Chapter – 4 Results and outputs from Audits		<i>... 23</i>
Reporting arrangements	57	<i>..... 23</i>
Matters of Significance for inclusion in Audit Reports	62	<i>..... 24</i>
Follow-up of Audit Reports	66	<i>..... 25</i>

Appendix

STATUTORY PROVISIONS – COMPTROLLER & AUDITOR-GENERAL²⁷

GLOSSARY

Act	Comptroller and Auditor-General (Additional Functions) Act (No. XXIV of 1974) as amended upto 1983.
Adverse Opinion	An audit opinion that the financial statements do not present a true and fair view of the financial position of the audited body.
Appropriation Accounts	Accounts relating to expenditure brought into account during a financial year to the several items specified in the Appropriation Act.
Audit	Audit includes an examination of the books of accounts, other documents, stores, assets etc. relating to the receipts and expenditure of the Government, statutory public authorities and public enterprises with a view to ensuring that rules and orders framed by the competent authority in regard to financial matters have been followed; that sums due have been properly assessed, realised and brought to account; that expenditure has been incurred with due regularity and propriety; that assets have been properly utilised and safeguarded, that public resources have been used economically, efficiently and effectively, and that the accounts truly represent facts.
Auditee or Audited Body	Body or organisation for which the C&AG is responsible for auditing.
Auditors	Officials of Bangladesh Audit Department who perform audit work on behalf of the Comptroller and Auditor-General of Bangladesh.
Certificate	The certificate which the C&AG may give under the provision of article 128 of Constitution of the People's Republic of Bangladesh and paragraph 4 of the Comptroller and Auditor-General (Additional Functions) Act of 1974.
Code	Audit Code
Compliance Audit	Audit work on probing compliance with the financial rules and regulations.
Comptroller and Auditor-	Comptroller and Auditor-General (C&AG) of Bangladesh.

General	
Control Risk	The risk that the internal controls being operated by management are unreliable.
Corruption	The misuse of public power, office or authority for private benefit through bribery, extortion, influence peddling, nepotism, fraud or embezzlement.
Corrupt Practice	Resorting to any activity which constitutes corruption.
Finance Accounts	A comprehensive account of all receipts and expenditure of the Government during a financial year.
Financial Position	The view of the audited body's financial affairs as expressed by both its balance sheet and related income and expenditure account, together with other statutory accounts where applicable.
Fraud	Intentional distortions of financial statements and accounting records and /or misappropriation of assets.
Government	“Government” means the Government of the People’s Republic of Bangladesh.
Materiality	An expression of the relative importance of a particular matter in the context of the statements of accounts as a whole. A matter is material if its omission or misstatement would reasonably influence the decision of an addressee of the audit opinion. Materiality may also be considered in the context of any individual primary statement within the statements of accounts or of individual items included within them. Materiality is not capable of general mathematical definition as it has both qualitative and quantitative aspects. A significant matter need not necessarily be material. For example, an item which is contrary to law can be significant without being material.
Opinion	The opinion which auditors must give on the statements of accounts (or other accounts if a statement is not required) of the audited body.
Propriety Audit	Audit work to consider matters that appear to involve improper expenditure.
Public	A company or firm, whether incorporated or registered or not, in

Enterprise	which the Government has at least fifty percent share or interest.
Risk of Error	The risk that the audited body's financial systems are in error or that the financial statements will not present a true and fair view of the financial position.
Statements of Accounts	The annual financial statements in the prescribed form or the books of account for those audited bodies not required to produce a statement.
Statutory Public Authority	Any authority, corporation or body the activities or the principal activities of which are authorised by any Act, Ordinance, Order or instrument having the force of law in Bangladesh.
Stewardship	Custodianship, Trusteeship
Studies	Investigations undertaken by the C&AG's office with a view to identifying good practice and opportunities to secure improvements in value for money.
Value for money (VFM) audit work	An objective and systematic review of an organisation to assess whether in the pursuit of predetermined goals it has achieved economy, efficiency and effectiveness in the utilisation of its resources. The term VFM audit also denotes performance audit.

Note: Terms or expressions used in this Code which appear also in the Act or in any order or rules issued thereunder shall have the same meanings as have been assigned to them in the Act, the order or the rules concerned.

Chapter – 1 Purpose of the Audit

Introduction

1. This Code incorporates the Comptroller and Auditor-General's view of best professional practice with respect to the standards, procedures and techniques with which his auditors are expected to comply while doing audit work.
2. The Code establishes the general standards and practices to be followed by auditors. More detailed instructions are contained in audit manuals.

Stewardship of Public Resources

3. Public officials who are responsible for management of public resources are accountable to the public for the stewardship of those resources. These responsibilities include –
 - (i) maintaining accounting records;
 - (ii) preparing statements of accounts;
 - (iii) safeguarding the assets;
 - (iv) taking reasonable steps for the prevention and detection of fraud or other irregularities;
 - (v) managing affairs having due regard to financial and other related rules and regulations to secure economic, efficient and effective use of resources.
4. Independent audit by the Comptroller and Auditor-General is one of the ways to ensure that public money is accounted for, well managed and propriety is ensured by the custodian of public assets.
5. It is the responsibility of the auditors, based on their audit work, to form an independent view, on the statements of accounts and arrangements made by the audited body to maintain accounts. Auditors should take reasonable steps to plan and execute their audits to comply with this Code. Work carried out by

the auditors does not absolve audited bodies from their responsibility for the proper management of public money.

General Audit Objectives

6. The broad aim of Public Sector audit is to safeguard the interest of the State and to promote transparency and accountability, along with sound economic and financial management practices across the government. Towards that broad aim, the auditors' objectives are to give an independent assessment of:
 - (i) whether the statements of accounts show a true and fair view of the financial position of the audited body and its income and expenditure for the year in question and have been properly prepared in accordance with appropriate rules and regulations;
 - (ii) the adequacy of the audited body's arrangements to secure economy, efficiency and effectiveness in the use of resources;
 - (iii) the adequacy of the audited body's financial management systems;
 - (iv) the adequacy of the audited body's arrangements for preventing and detecting fraud, corruption and the internal control framework generally;
 - (v) the adequacy of the audited body's arrangements for ensuring the legality of transactions that might have a financial consequence;
 - (vi) the adequacy of the audited body's arrangements for collecting, collating and recording accounting data and publishing financial statements and reports pursuant to appropriate rules and regulations.

The manner by which auditors discharge these functions is set out hereinafter.

Main Scope of the Audit

7. Auditors should plan and perform their audit work so as to obtain all the information and explanations they consider necessary in order to provide themselves with sufficient evidence to give reasonable assurance to the public. Audit could be on yearly accounts or on particular issue or particular item of expenditure. Auditors' audit work should include but not be limited to:

- (i) examination on a test basis of evidence relevant to the amounts, classification and disclosures in the statements of accounts and an assessment of the significant judgements made by management in preparing the statements of accounts and;
- (ii) an examination of the arrangements for securing economy, efficiency and effectiveness in the use of resources;
- (iii) undertaking special studies including those designed to review value for money as well as environmental issues;
- (iv) examination of the receipts and expenditure from the Consolidated Fund and Public Account of the Republic;
- (v) examination of the trading, manufacturing, profit and loss accounts and balance sheets, and other subsidiary accounts kept in any auditee organisations;
- (vi) examination of receipts and accounts of stores and stock;
- (vii) ascertaining whether there have been deviations from established rules and regulations including environmental legislation and procedures;
- (viii) ensuring that appropriate action is taken on irregularities, improprieties and wastage in the use of public resources.

Chapter – 2 Powers, duties and functions of Auditors

Powers

8. The powers and duties of the Comptroller and Auditor-General are prescribed by Statute. By general or specific delegation, the auditors under him exercise those powers on his behalf. In discharging their statutory powers and duties auditors shall take into account the guidance provided in this Code and other guidelines issued from time to time by the Comptroller and Auditor-General. The principal statutory powers are detailed in Appendix.

Duties

9. Subject to the provisions of the Constitution, the Additional Functions Act, 1974 and Amendment Act, 1975 the officers and establishment of the Bangladesh Audit Department shall under special and general directions as may be given by the Comptroller and Auditor-General from time to time, perform all such duties and functions as are imposed on, or undertaken by, the Comptroller and Auditor-General under the provisions of the Constitution, Acts or the rules issued thereunder or under any executive arrangements.
10. Auditors must carry out their work with integrity, objectivity and independence, and exercise due professional care.
11. Auditors' opinions, conclusions, judgements and recommendations must both be and be seen to be impartial. Auditors and their staff must act independently of the audited body and maintain an independent and objective attitude of mind. In particular, the following should be avoided:
 - (i) official, professional or personal relationships the nature and effect of which might cause auditors to limit the extent or character of the audit;

- (ii) involvement in a decision making or management capacity in the operation of the audited body.
 - (iii) any interest, direct or indirect, in the transactions of or services provided by the audited body other than as a tax payer or as a general consumer of the audited body's services.
 - (iv) Auditors must also keep themselves apart from any attempt to influence their judgement in the conduct of the audit.
12. Auditors must not carry out work for an audited body which would impair independence or which might give rise to a reasonable perception that their independence could be impaired.
13. Arrangements should be made so as to enable the auditors of Bangladesh Audit Department to be suitably competent and experienced. They should be allocated work appropriate to their skills and their work should be adequately supervised and reviewed.
14. Auditors should take reasonable care and exercise appropriate skill in each audit, where the determination of what is reasonable can be a matter of judgement. This Code cannot cater to all situations and circumstances but auditors should carry out such enquiries, analyses, checks and tests as they consider necessary, for example, by:
- (i) taking sufficient steps to obtain information which would be relevant to the audit;
 - (ii) having regard to past audit experience, at this and other audits, and to good practice in devising the audit approach;
 - (iii) taking into consideration unusual circumstances, characteristics or relationships and giving special attention to such features;
 - (iv) looking out for and recognising unfamiliar situations;
 - (v) taking reasonable steps to resolve unanswered questions;
 - (vi) keeping up-to-date with developments in professional matters, audit techniques, standards, guidelines, practice notes and bulletins;
 - (vii) preserving where appropriate the confidentiality of information received or obtained during the audit.
15. It is the duty of auditors to carry out adequate audit work to enable them to:
- (i) certify accounts;
 - (ii) ensure that rules, procedures and systems have been complied with;

- (iii) ensure that expenditure conforms to laws, rules, regulations and other general or specific orders of the competent authority ;
- (iv) consider whether effective controls are in place to minimise error, fraud, irregularity and impropriety;
- (v) report promptly to the appropriate authority; and
- (vi) ensure that prompt action has been taken on audit reports by audited bodies.

Functions

16. In order to carry out his audit responsibility the Comptroller and Auditor-General will organise the audit directorates and assign their functional duties as he deems appropriate. The existing nine audit directorates are now functionally organised as follows:

Directorate	Functional Areas
Commercial Audit	<ul style="list-style-type: none"> - Government Parastatals - State-Owned Enterprises including Nationalised Commercial Banks and Financial Institutions
Local and Revenue Audit	<ul style="list-style-type: none"> - Revenue collecting agencies and other government departments - Local and statutory bodies, including municipalities, city corporations and universities
Defence Audit	<ul style="list-style-type: none"> - All units and formations of armed forces, inter-service organisations and offices of the defence finance department - Certification of Appropriation Accounts relating to defence
Works Audit	<ul style="list-style-type: none"> - Expenditure relating to public works and public utilities of different ministries
Post, Telephones and Telegraph Audit	<ul style="list-style-type: none"> - All establishments of postal, telephone and telegraph departments - Certification of Appropriation Accounts of these departments
Foreign Aided Projects Audit	<ul style="list-style-type: none"> - All foreign aided projects - Certification of accounts of all foreign aided projects
Mission Audit	<ul style="list-style-type: none"> - All overseas Bangladesh Missions, Nationalised Banks, Shipping Corporation Offices, Biman Offices situated abroad
Civil Audit	<ul style="list-style-type: none"> - Audit of the accounts of the Republic maintained in all the offices of the Controller General of Accounts - Certification of Finance and Appropriation Accounts of the Government
Railway Audit	<ul style="list-style-type: none"> - All establishments of the Bangladesh Railway - Certification of Appropriation Accounts of

	Railway
--	---------

Chapter 3 – Audit Approach

General principles of the Audit Approach

17. In framing a methodology that will meet the requirements of this Code, auditors should pursue the following approaches:

(i) ***Planning***

Plan the audit, having regard to the particular objectives and scope of the audit under consideration, deciding where to concentrate their work and on the allocation of resources.

(ii) ***Overview of auditee organisations***

Undertake or update an annual overview of the circumstances of the audited body and evaluate the strength of the control environment. The auditors' overview and evaluation should ensure that the audit is tailored to the circumstances of the audited body and identify areas meriting particular attention. It should also facilitate the effective planning of audit work before any detailed checks are undertaken.

(iii) ***Control risk analysis***

Take a broad and analytical approach to the work based on the auditor's assessment of control risk and the risk of error in the financial statements.

(iv) ***Integrated approach***

Have regard to the principle that every individual part of the audit should be viewed in the context of the whole, or integrated audit. No one part stands alone and all contribute to the assurance needed to give the auditor a basis for providing a certificate, opinion and/or report on completion of the audit.

(v) ***Attitudinal approach***

Audit work should display a constructive attitude wherever possible. The aim must be to assist audited bodies and their officers, but auditors must not hesitate to pursue conclusions even to the point of expressing qualified opinion and its inclusion in the Comptroller and Auditor-General's reports.

- (vi) ***Liaison with the internal audit***

Establish effective co-ordination with internal control and internal audit or similar review units and seek to place reliance on the work of such units wherever possible.
 - (vii) ***Effective transmission of good practice***

Ensure that knowledge of good practice is transferred effectively from one audited body to another.
 - (viii) ***Professional approach***

Carry out audit in a professional manner without undue delay.
 - (ix) ***Reporting on corrective actions***

Report to the audited body concerned of the nature and grounds for any concerns and to encourage them to adopt any corrective action that may be required.
 - (x) ***Effective follow-up action***

Have in place effective reporting and follow-up arrangements to ensure that the audited body has properly considered any matters identified during the current or previous audits and, where appropriate, has implemented agreed actions.
18. In planning the audit to achieve the objectives set out in paragraph 6, matters which auditors should take into account include:
- (i) information about the audited body such as budgets, financial data, minutes of meetings, any internal control unit plans and other information arising from discussions with officers and members;
 - (ii) information and guidance circulated by the Comptroller and Auditor-General;
 - (iii) the effects of changes in legislation, accounting practice or rules affecting the financial statements;

- (iv) the results of previous audit work and experience, an awareness of relevant national issues, local policies and matters of public interest;
 - (v) the potential to secure improvements in Value for Money (VFM) through the implementation of good practice identified from studies or other comparative performance review mechanisms; and
 - (vi) an assessment of materiality, control risk and the control environment
19. The outcome of the planning process should be documented in the overall audit plan for each Audit Directorate, tailored to the circumstances of the audited bodies covered by them in the year under review. The plan should be further developed into detailed programmes of testing and enquiries including time and staff budgets. The audit plans would be co-ordinated by the Comptroller and Auditor-General and published in the Annual Report and by other means if needed.
20. The Comptroller and Auditor-General is to be satisfied that audit work is being performed to an acceptable standard. All audit staff should be appropriately qualified and experienced. They should be directed and supervised and their work should be reviewed. The degree of supervision required should depend upon the complexity of the assignment and the experience and proficiency of the staff. The work of any specialists (e.g. VFM or computer auditors) should be sound, co-ordinated and integrated with the work of others engaged on the audit.
21. Audit staff of all levels should understand their responsibilities and the objectives of the procedures which they are expected to perform. They should be informed of matters identified during the planning stage that may affect the nature, extent or timing of the procedures they are to perform.
22. Audit records should be sufficiently complete and detailed to provide an experienced auditor, without previous connection of the audit, with an understanding of the work performed and the basis of the decisions taken.
23. The Comptroller and Auditor-General shall prepare audit manuals and other guidance setting out the audit practices, procedures and documentation to be followed in audit. The manuals would be periodically updated and based on the principles and standards set out in this Code.
24. Auditors should obtain sufficient, relevant and reliable evidence from which to draw reasonable conclusions. Sources of evidence may include the accounting

records, financial systems, representations from officers and underlying documentation of the audited body and others who have dealings with it including suppliers and the general public.

25. Auditors should have regard to the general matters set out in the following paragraphs in this Chapter when designing their audit methodology so as to meet the objectives set out in paragraph 6 of this Code. Detailed procedures and techniques for the audit of each type of transaction, activity etc. relating to different kinds of auditee organisations performing either regulatory, promotional, developmental or commercial functions are prescribed in relevant audit manuals for guidance of and compliance by the auditors.

Audit of probity and propriety

26. In relation to fraud and irregularities:

- (i) The audit should be so planned that adequately enables the auditors to detect material misrepresentation in the statement of accounts, including those that might result from fraud and irregularities. Auditors should identify and pay special attention to those activities of the audited body exposed to the risk of fraud and irregularities, particularly those which if present, could result in a material effect on the finances or even a material mistake in the statements of accounts;
- (ii) In the review of internal control, in the testing of transactions, and in the review of published and other statistics, auditors should be alert to the possibility of fraud and irregularities. The attention of the audited body should be drawn to weaknesses in internal control identified during the audit which facilitate fraud and irregularities and to those activities which call for the audited body to instigate occasional deterrent spot checks;
- (iii) Indications of fraud and irregularities from whatever source and whatever the likely amount involved should be followed up promptly. In most cases the auditors' responsibility will be discharged by informing the audited body and recommending that it takes the necessary action which, according to the circumstances, might include reference to the appropriate authorities;
- (iv) Relevant information circulated by the Comptroller and Auditor-General should be considered and action taken as appropriate;

- (v) Auditors should pay special attention to the arrangements of the audited body to limit the possibility of fraud and corrupt practices. Areas where fraud and corrupt practices may be found include but are not limited to: tendering and award of contracts; settlement of contractor's final accounts and claims; secondary employment of staff which may influence their work for the audited body; canvassing for appointments; hospitality; pressure selling; the award of permissions; planning consents; and the disposal of assets.
27. Auditors should establish whether audited bodies have taken reasonable steps in relation to the limitation of the possibility of fraud and corrupt practices, and in particular that the audited body:
- (i) adopts and keeps under review standing rules and financial regulations particularly those relating to contracts for works and the supply of goods and services;
 - (ii) keeps under review and, if appropriate, investigates any circumstances in which particular contractors seem to be preferred or where it is not possible to have competitive tendering;
 - (iii) issues appropriate instructions to regulate the handling of contracts, including such matters as the certification of the receipt of goods and services and the certification of the amounts due;
 - (iv) issues appropriate standing orders, financial regulations or codes of conduct under statute and any relevant rules;
 - (v) has clear and well-published arrangements for receiving and investigating complaints of corruption;
 - (vi) ensures that any internal control and internal audit units test compliance with, and effectiveness of, the procedures laid down by management of the audited body.
28. Auditors should take note of evidence which may indicate the possibility of corrupt practices. Where necessary in the public interest, any such evidence should be referred by auditors for further investigation by the appropriate body. Depending on the circumstances this might be the audited body or an investigating authority including any anti-corruption agency of the Government.
29. In relation to impropriety:

Auditors must also consider matters that appear to involve improper expenditure or waste of public money or assets even though no obvious irregularity has occurred. Auditors must, therefore, go beyond a review of the observance of rules and consider whether sound principles of financial management and propriety have been observed. The audit approach in respect of propriety will require care, tact and discretion. Any challenge against expenditure should be based on what is recognised as sound principles of financial management and propriety.

No precise rules can be laid down for regulating the course of audit against propriety. Its object is to support a reasonably high standard of public financial morality, of sound financial administration, and devotion to the financial interests of the State. Auditors in the performance of their duties should in any case apply the following general principles which have for long been recognised as standards of financial propriety:

- (i) Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money;
- (ii) The expenditure should not be, *prima facie*, more than the occasion demands;
- (iii) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage;
- (iv) Public moneys should not be utilised for the benefit of a particular person or section of the community unless:-
 - (a) the amount of expenditure involved is insignificant; or
 - (b) a claim for the amount could be enforced in a court of law; or
 - (c) the expenditure is in pursuance of a recognised policy or custom.

Audit of regularity and legality

30. Audits are directed at ensuring that expenditure is lawful and paid in accordance with financial rules, regulations and orders. The main principles for auditors to consider are:

- (i) that the provision of funds has been authorised by competent authority e.g. in setting budgets and ensuring that expenditure has been incurred within budget limits;
 - (ii) that expenditure is in accordance with financial rules and regulations framed by competent authority; and
 - (iii) that expenditure is authorised by special or general sanctions issued by competent authority.
31. The work of audit in relation to rules is of a quasi-judicial character. It involves the interpretation of rules and orders with reference to case-law of previous decisions and precedents.

Audit of financial systems, internal controls and financial statements

32. In deciding on the approach to audit work on financial systems and internal controls, auditors should have regard to the significance of the systems which, in their judgement, form the basis of the preparation of the statements of accounts. For example, in a well-controlled audited body with a low assessment of control risk, less emphasis will be required on the detailed audit testing of the significant financial systems. On the other hand, one with non-existent or poor control over its significant financial systems, with a resultant high risk of error, will require a higher level of detailed testing of the financial systems and financial statements.
33. The characteristics of audited bodies that typically have the greatest direct effect on the aspects of the audit leading to the opinion on the financial statements are:
- (i) the strength and reliability of the control environment and of the high level monitoring controls being operated by the audited body and its officers;
 - (ii) the quality of any internal control and internal audit unit and the extent to which reliance can be placed on its work;
 - (iii) the nature and operation of its financial and related information systems, including manual and computerised information; and
 - (iv) the timeliness, efficiency and effectiveness of the procedures for producing the financial statements and the related supporting material.

34. The audit approach should include:

- (i) an annual risk-based assessment of the control environment and internal controls;
- (ii) the review and testing of selected systems, where possible;
- (iii) the analytical review of the statements of accounts, their classification and disclosure; and
- (iv) the testing of selected transactions and balances.

Opinion on Financial Standing

35. Auditors should consider, where appropriate, whether the audited body has adequate arrangements to ensure its financial standing. These arrangements may include:

- (i) meeting financial targets and guidelines;
- (ii) having adequate balances and reserves;
- (iii) procedures to collect income promptly; and
- (iv) sound budgetary control systems.

Audit of receipts

36. The main aim of the audit of receipts is to ensure that departmental authorities have proper arrangements, procedures and regulations in place to assess, collect and bring into account promptly all revenue and other debts due to Government.

37. The audit approach will include:

- (i) an analytical review of government revenues;
- (ii) a test of the systems, rules and procedures for each type of revenue to ensure compliance and full and prompt collection and review of its assessment;
- (iii) detailed testing of revenue transactions; and
- (iv) a test of amounts outstanding.

Audit of expenditure

38. The audit of expenditure should ensure that conditions governing expenditure from public funds have been observed. In particular, no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the Government or by an authority to which power has been duly delegated in this behalf, the sanction is definite and thus needs no reference to sanctioning authority itself or to any higher authority and the expenditure has been provided for in the authorised grants and appropriations for the year.
39. Key aspects of the audit of expenditure include:
- (i) a review of the systems (including budgeting) to control expenditure;
 - (ii) an analytical review of expenditure including a comparison of budgeted and actual expenditure;
 - (iii) a review of the classification of expenditure for example, to ensure that expenditure is allocated to the proper head of account and charged to capital or revenue as appropriate;
 - (iv) detailed testing of transactions (based on risk and materiality) to ensure that payments are duly authorised, supported by adequate evidence (e.g. invoices, establishment and pension records) and in accordance with rules and procedures;
 - (v) testing that expenditure sanctioned for a limited period is not admitted beyond that period without further sanction; and
 - (vi) a review that payment has in fact been made to the proper person, has been acknowledged and recorded properly so that a second claim against the government on the same account is impossible.

Audit of Works expenditure

40. The audit of works expenditure should be conducted in accordance with the general principles laid down in this code as well as detailed procedures prescribed in relevant audit manuals.
41. The main issues audit should address include:
- (i) the sufficiency of the authority for incurring the expenditure;
 - (ii) the accuracy of the classification of the charges against the works, persons, services and heads of accounts concerned;

- (iii) the proof of payment to the correct individual or entity;
- (iv) the observance of standards of financial propriety laid down by the Government in the Compilation of the General Financial Rules.

Audit of Contracts

42. The Government has laid down the following fundamental principles for the guidance of authorities authorised to enter into contracts or agreements involving expenditure from Government revenues. These are financial rules but they state audit principles as well:

- (i) the terms of a contract must be precise and definite and there must be no room for ambiguity or misconstruction therein.
- (ii) as far as possible, legal and financial advice should be taken in the drafting of contracts before they are finally entered into.
- (iii) standard forms of contracts should be adopted wherever possible, the terms to be subject to adequate prior scrutiny.
- (iv) the terms of a contract once entered into should not be materially varied without the previous consent of the authority competent to enter into the contract as so varied. No payments to contractors by way of compensation, or otherwise, outside the strict terms of the contract or in excess of the contract rates, may be authorized without the previous approval of the competent authority.
- (v) no contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the competent authority.
- (vi) whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited and, in cases, where the lowest tender is not accepted, reasons should be recorded.
- (vii) in selecting the tender to be accepted, the financial status of the individuals and firms tendering must be taken into consideration in addition to all other relevant factors.
- (viii) even in cases where a formal written contract is not made, no order for supplies, etc., should be placed without at least a written agreement as to the price.
- (ix) provision must be made in contracts for safeguarding Government property entrusted to a contractor.

- (x) the Comptroller and Auditor-General and, under his direction, other audit authorities have the power to examine contracts and to bring before the Public Accounts Committee any cases where competitive tenders have not been sought or high tenders have been accepted or where other irregularities have come to light.
 - (xi) when a contract is likely to endure for a period of more than 5 years, it should, wherever feasible, include a provision for an unconditional power of revocation or cancellation by Government at any time on the expiry of six months' notice to that effect.
43. Audit should also see that any payment outside the strict terms of the contract or in excess of contract rates are not made without the consent of the competent financial authority.
44. Cases in which there is evidence that an officer or agent of a contracting department has an undue common interest with the other contracting party should be brought to the notice of the competent higher authority for such action as it may deem necessary.
45. Standing contracts should be reviewed occasionally and if Audit has reason to believe that the rates accepted in those contracts are considerably higher than the rates prevailing at the time of review such variations should be brought to the notice of competent authority.

Audit of Assets including Stores and Stocks

46. Audit should ensure that all assets (e.g. cash, deposits, investments, equipment, stocks and stores) are adequately accounted for, safeguarded and used for authorised purposes.
47. The audit of assets may include:
- (i) physical inspection and verification of the existence of assets;
 - (ii) testing transactions to ensure that accounting records (cash books, investment records, inventories, stocks and stores) are up-to-date and accurate;
 - (iii) test review of the purchase, receipt, issue and custody of stocks and stores;
 - (iv) review of the levels of stores and stocks; and

- (v) test review of assets written off or disposed of.

Audit of Loans and Advances

- 48. Loans and advances made by the Government to the employees and the entities generally constitute substantial amounts. Audit should ensure that these transactions have been duly accounted for, authorised, and are within the budgetary limits and that recoveries are made as per terms of the loans and advances.
- 49 The audit will include:
 - (i) a review of procedures including authorisation levels;
 - (ii) a test check of high value transactions to verify adherence to rules and procedures and that amounts are accounted for; and
 - (iii) a test check of loans, repayment of debt and interest to the terms of accounting rules and agreements.

Value for money (VFM) audits

- 50. Auditors should take reasonable steps, including examination of the accounts, to satisfy themselves that the audited body has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. The approach should be tailored to the circumstances of the audited body.
- 51. The approach adopted for VFM audit work should enable auditors to identify problems, to determine the potential scope for improvement and to suggest how the audited body can make those improvements (provided this does not impair audit independence).
- 52. In forming a view of the arrangements the audited body has made for securing economy, efficiency and effectiveness, auditors should pay particular attention to good practice in the areas under review. The scope of the audit work may include, for example:
 - (i) strategic direction and performance review;
 - (ii) systems for planning and for financial management;
 - (iii) internal controls and management practices;
 - (iv) asset management;

- (v) human resource issues;
 - (vi) service delivery; and
 - (vii) performance against identified good practice.
53. The Comptroller and Auditor-General may publish studies from time to time which promote good management practice in specific services and functions or in overall management arrangements. These studies are for the guidance of both audited bodies and auditors. The extent to which auditors use them at particular audit will be prescribed in guidance issued by the Comptroller and Auditor-General. Auditors should also consider the need to review other services or activities and to review overall management arrangements. In identifying potential areas and in carrying out the audit work, auditors should consider the use of comparative performance indicators where possible.
54. In addition to providing assurance on the adequacy of the audited body's management arrangements in specific areas, VFM audit work should lead to the identification of opportunities for improvement. The auditors should select topics for review with the aim of identifying potential quantifiable and non-quantifiable improvements and should bring them to the attention of the audited body.
55. In considering both overall management arrangements and specific services, it is not part of the audit to question policy but auditors should consider the effects of policy and examine the arrangements by which policy decisions are reached. To this end, auditors may consider, for example:
- (i) whether there are satisfactory arrangements for considering alternative policy options, including the identification, selection and evaluation of such options;
 - (ii) whether established policy aims and objectives have been set out clearly and whether the resultant instructions to staff conform to the approved policy aims and decisions;
 - (iii) whether there is conflict between different policy aims and objectives, or between the means chosen to implement them;
 - (iv) whether the costs of alternative levels of service have been considered as benchmarks and are reviewed as costs and circumstances change;
 - (v) whether there are appropriate arrangements to review the effectiveness of policies in achieving their expressed aims and objectives.

56. In relation to VFM studies, auditors should revisit areas of activity in subsequent years to determine whether the audited body and its officers have taken appropriate action on the recommendations made in previous years for making improvements and, where appropriate, securing savings. The results of this work will be reflected in the auditors' assessment of an audited body's management arrangements.

Chapter – 4 Results and outputs from Audits

Reporting arrangements

57. Audit depends for its effectiveness on the right to issue reports independently to the appropriate authority on the results of the audit. This authority may be a local audited body, a departmental authority, a public corporation, a ministry/division, or the President for laying before Parliament.
58. The aim and contents of reports will vary according to the scope and type of audit task undertaken. The method of raising audit queries, recording and pursuing them and finally reporting as well as subsequent follow-up action on them in each type of a audit task are laid down in the relevant audit manuals for guidance of the auditors. But a key feature of many reports will be to inform the audited body promptly of the extent of audit carried out, of the results and any action needed. This may include action to rectify errors, to recover any money due, to prevent a recurrence or to seek improvements in value for money.
59. Audit reports should be clear, concise, constructive and objective. They should be conveyed in courteous language. It is of utmost importance that any statement of criticism in any audit report should be accurate, fair, moderately worded and dispassionate. As a general rule, undue insistence on trifling errors, omissions and irregularities should be avoided, and more time and attention devoted to the investigation and reporting of really important and substantive issues with the objective not only of securing rectification of the particular irregularity but also of ensuring regularity and propriety in similar cases in future and promoting economy, efficiency and effectiveness in the use of public resources. It is the responsibility of the audited body to respond promptly and fully so that, wherever possible, any action needed is agreed. Audited bodies should be given a reasonable opportunity to respond to audit reports. Where agreement is not reached, the auditor has the right to conclude the report and pursue matters further, depending on its significance and the circumstances in each case.
60. Auditors shall have an effective system to follow up audit reports promptly and to draw attention to cases where satisfactory action has not been taken by audited bodies.

61. The frequencies, formats and contents of audit reports will vary according to the type of audit undertaken and will be determined from time to time by the Comptroller and Auditor-General.

Matters of Significance for inclusion in Audit Reports.

Audit reports on the Appropriation, Finance and Commercial Accounts

62. The contents of the audit reports will vary according to circumstances but should include an opinion on the financial statements (in accordance with national audit standards) together with details of significant matters arising from audits.
63. Examples of significant matters, as appropriate in the audit of above accounts, to be reported to the audited body include:
- (i) delayed preparation of accounts;
 - (ii) the fact that the audit opinion on the statement of accounts has been qualified, and conclusions therefrom;
 - (iii) failure to comply with statutory requirements;
 - (iv) excessive or inadequate levels of balances, inappropriate levels of provisions, lack of prudence, prospective budget deficits, and other similar financial matters calling for comment;
 - (v) absence of or weaknesses in arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - (vi) lack of action on matters previously reported by the auditor, including previously identified value for money opportunities;
 - (vii) unnecessary or irregular expenditure or loss of income due to fraud, irregularity, waste, extravagance, inefficient financial administration, poor value for money, mistake or other cause;
 - (viii) weaknesses in management information systems and monitoring arrangements;
 - (ix) high levels of arrears or deficiencies in income collection procedures;
 - (x) deficiencies in internal control arrangements; and
 - (xi) misconduct, frauds, or special investigations.

Reports on audit work on economy, efficiency and effectiveness

64. VFM audit work should result in an assessment of the strengths and weaknesses of the audited body's performance in the subjects covered. It should also lead to practical recommendations with any quantifiable cost savings or other benefits identified clearly, and either (or both) written reports or properly evidenced presentations, to management, incorporating or making reference to an action-plan agreed with the audited body. Where such agreement cannot be reached the reasons should be recorded. Reports or presentations should be finalised and delivered promptly, on completion of the audit work.
65. Auditors should follow-up on progress made by management in implementing improvements agreed in previous years and should report to management accordingly. Such follow-up reports should be included or referred to in the Comptroller and Auditor-General's Annual Reports.

Follow-up of Audit Reports.

66. The responsibility to follow-up audit reports on the basis of decisions of Parliament as recommended by the Public Accounts Committee and as communicated by Government for execution will rest on the audit directorates concerned. In case of any doubt as to whether a particular report or question has been adequately dealt with by Parliament or its Public Accounts Committee or the Government, the matter should be referred to the Comptroller and Auditor-General for advice on further appropriate action.
67. The Comptroller and Auditor-General shall have the authority to apprise the cabinet or any higher authority of the instances of irregularities and wastage including fraud, misappropriation and embezzlement embodied in the audit reports referred to the Public Accounts Committee for immediate action on them.

APPENDIX

**STATUTORY PROVISIONS – COMPTROLLER & AUDITOR-
GENERAL**

Extracts from the Constitution (Article 127-132):

127. (1) There shall be a Comptroller and Auditor-General of Bangladesh who shall be appointed by the President.

(2) Subject to the provisions of this Constitution and of any law made by Parliament, the conditions of service of the Comptroller and Auditor-General shall be such as the President may, by order, determine.

128. (1) The public accounts of the Republic and of all courts of law shall be audited and reported on by the Comptroller and Auditor-General and for that purpose he or any person authorised by him in that behalf shall have access to all records, books, vouchers, documents, cash, stamps, securities, stores or other government property in the possession of any person in the service of the Republic.

(2) Without prejudice to the provisions of clause (1), if it is prescribed by law in the case of any body corporate directly established by law, the accounts of that body shall be audited and reported on by such person as may be so prescribed.

(3) Parliament may by law require the Comptroller and Auditor-General to exercise such functions, in addition to those specified in clause (1), as such law may prescribe, and until provision is made by law under this clause the President may, by order, make such provision

(4) The Comptroller and Auditor-General, in the exercise of his functions under clause (1), shall not be subject to the direction or control of any other person or authority.

129. (1) The Comptroller and Auditor-General shall, subject to this article, hold office until he attains the age of sixty years.

(2) The Comptroller and Auditor-General shall not be removed from his office except in like manner and on the like ground as a judge of the Supreme Court.

(3) The Comptroller and Auditor-General may resign his office by writing under his hand addressed to the President.

(4) On ceasing to hold office, the Comptroller and Auditor-General shall not be eligible for further office in the service of the Republic.

130. At any time when the office of Comptroller and Auditor-General is vacant, or the President is satisfied that the Comptroller and Auditor-General is unable to perform his functions on account of absence, illness or any other cause, the President may appoint a person to act as Comptroller and Auditor-General and to perform the functions of that office until an appointment is made under article 127 or, as the case may be, until the Comptroller and Auditor-General resumes the functions of his office.

131. The public accounts of the Republic shall be kept in such a form and in such a manner as the Comptroller and Auditor-General may, with the approval of the President, prescribe.

132. The reports of the Comptroller and Auditor-General relating to the public accounts of the Republic shall be submitted to the President, who shall cause them to be laid before Parliament.

Other statutory extracts:

Comptroller and Auditor-General (Additional Functions) Act (Act no. XXIV of 1974).

[With amendments incorporated by the Comptroller and Auditor-General (Additional Functions)(Amendment) Act 1975 and the Comptroller and Auditor-General (Additional Functions) (Amendment) Ordinance 1983]

An Act to prescribe certain additional functions of the Comptroller and Auditor-General.

Whereas clause (3) of article 128 of the Constitution of the People's Republic of Bangladesh provides that Parliament may by law require the Comptroller and Auditor-General to exercise such functions, in addition to those in clause (1) of that article, as such law may prescribe:

It is hereby enacted as follows:

1. Short title and commencement .-

- (1) This Act may be called the Comptroller and Auditor-General (Additional Functions) Act. 1974.
- (2) It shall be deemed to have come into force on the 16th December 1971

2. Definitions.-

In this Act, unless there is anything repugnant in the subject or context:

- (a) "accounts", in relation to commercial undertaking of the Government, includes subsidiary accounts;
- (b) "appropriation accounts" means accounts relating to expenditure brought into account during a financial year to the several items specified in the Appropriation Act;
- (c) "Auditor-General" means the Comptroller and Auditor-General of Bangladesh;
- [(cc) "public enterprise" means a company or firm, whether incorporated or registered or not, in which the Government has at least fifty per cent share or interest;] 1
- (d) "statutory public authority" means any authority, corporation or body, the activities or the principal activities of which are authorised by any

Act, Ordinance, Order or instrument having the force of law in Bangladesh.

3. Keeping of Government accounts.-

(1) Subject to the provisions of sub-section (2), the Auditor-General shall be responsible for the keeping of the accounts of the Government.

(2) The Auditor-General shall not be responsible for the keeping of:

- (a) initial accounts that may be required to be kept in the Treasuries; and
- (b) initial and subsidiary accounts of stores and stock, manufacturing, trading and profit and loss accounts that may be required to be kept in any Ministry, Division, or office of the Government.

[3A. Expenditure.-

The government may, subject to such conditions as may be specified therein, direct that all or any of the provisions of this Act shall not apply in respect of such Ministry, Division or office of the Government as it may specify] 2

4. Preparation of appropriation and finance accounts. -

The Auditor-General shall, from the accounts kept by him [and by other persons responsible for keeping public accounts]³, prepare annually appropriation accounts and finance accounts showing disbursements or, as the case may be, the annual receipts and disbursements for the purposes of the Government, distinguished under the respective heads thereof, and shall submit these accounts to the President on such dates as he may, with the concurrence of the President, determine.

5. Audit of accounts of statutory public authorities, etc.-

(1) Notwithstanding any thing contained in any other law for the time being in force, [or in any other memorandum or articles of association or in any deed]⁴, the Comptroller and Auditor-General may audit the accounts of any statutory public authority, [public enterprises] ⁵ or local authority and shall

submit his report on such audit to the President for laying it before Parliament.

(2) For the purpose of any audit under sub-section (1), the Comptroller and Auditor-General or any person authorised by him in that behalf shall have access to all records, books, vouchers, documents, cash, stamps, securities, stores or other property of the statutory public authority, [public enterprises] 6 concerned.

6. Preparation of commercial accounts.-

The Auditor-General shall prepare annually, after audit, commercial accounts on the basis of manufacturing, trading and profit and loss accounts, balance sheets and any other accounts that are kept by the Ministries, Divisions, and offices of the government, statutory public authorities, [public enterprises] 7 and local authorities.

7. Preparation of general financial statements.-

The Auditor-General shall annually in such form as he may, with the concurrence of the President, determine and submit to the president, a general financial statement incorporating a summary of the accounts of the Government, statutory public authorities [public enterprises]8 and local authorities for the last preceding year and the particulars of their balances and outstanding liabilities and containing such other information as to their financial position as the President may direct to be included in the statement

8. Inspection of certain offices, etc.-

The Auditor-General may-

(a) inspect any office of the Government which is responsible for the keeping of any account; and

(b) require that any book or other document relating to the transactions to which his duty in respect of audit extend shall be sent to such place as he may appoint for inspection by him.

9. Information etc. to be given by the Auditor-General to the Government.-

The Auditor-General shall, so far as the accounts for the keeping of which he is responsible enable him so to do, give the Government such information and assistance in the preparation of its annual accounts as it may ask for.

10. Information to be given by the Government to the Auditor-General.-

The Government shall give the Auditor-General such information as he may require for the preparation of any account or report which it is his duty to prepare.

11. Making of rules.-

The Comptroller and Auditor-General may make rules and give directions in respect of all matters pertaining to audit of any accounts he is required to audit.

12. Repeal and savings.-

The Audit and Accounts Order, 1952 (G.G.O No 9A of 1952), and the Comptroller and Auditor-General (Additional Functions) Ordinance, 1973 (Ord. XXX of 1973), hereinafter referred to as the said Ordinance are hereby repealed.

Notwithstanding such repeal, anything done or any action taken, including any order made or direction given under the said Ordinance shall be deemed to have been done, taken, made or given, as the case may be, under the corresponding provision of this Act.

[12. Repeal and savings.-

The Comptroller and Auditor-General (Additional Functions)(Amendments) Ordinance 1975 (Ord. XVIII of 1975) is hereby repealed.

Notwithstanding such repeal, anything done or any other action taken, including any order made or direction given under any provision of the Comptroller and Auditor-General (Additional Functions) Act 1974 (XXIV of 1974) as amended by the said Ordinance shall be deemed to have been done, taken, made or given, as the case may be, under the corresponding provision of the said Act, as amended by this Act.] 9

1 As incorporated by section 2 of the Comptroller and Auditor –General (Additional Functions) (Amendment) Act 1975.

2 As incorporated by section 2 of the Comptroller and Auditor –General (Additional Functions) (Amendment) Ordinance 1983

(Ord.XXVIII of 1983).

3 As incorporated by section 3 of the Comptroller and Auditor –General (Additional Functions) (Amendment) Ordinance 1983

(Ord.XXVIII of 1983).

4 As incorporated by section 3 of the Comptroller and Auditor –General (Additional Functions) (Amendment) Act 1975.

5 As incorporated by section 3 of the Comptroller and Auditor –General (Additional Functions) (Amendment) Act 1975

6 As incorporated by section 3 of the Comptroller and Auditor –General (Additional Functions) (Amendment) Act 1975

7 As incorporated by section 4 of the Comptroller and Auditor –General (Additional Functions) (Amendment) Act 1975

8 As incorporated by section 5 of the Comptroller and Auditor –General (Additional Functions) (Amendment) Act 1975

9 As incorporated by section 6 of the Comptroller and Auditor –General (Additional Functions) (Amendment) Act 1975

Non-statutory duties

It has been held that the Act is exhaustive of the means whereby duties other than those specified in other provisions of that Act can be imposed statutorily upon the Comptroller and Auditor-General. Consequently no additional duties can be imposed on the Comptroller and Auditor-General otherwise than in relation to the accounts of the Government. There is, however, nothing in the Act to preclude the Comptroller and Auditor-General from undertaking any additional duties by consent and on such terms and conditions as may be settled between him and the President.