

NATIONAL AUDIT OFFICE OF MALAWI

CODE OF ETHICS

Foreword

I am very pleased to issue the National Audit Office Code of Ethics. All audit staff in the NAO will be expected to strictly adhere to the Code of Ethics in all their work. Any member of staff found deviating from this Code of Ethics will be subject to disciplinary action.

The issuance of this Code of Ethics is very timely. This is so due to the fact that the National Audit Office is in a period of transition which have seen the Office get a larger degree of independence and a wide range of new audit responsibilities through the passing of the new Public Audit Act. This added responsibility makes it increasingly important that Parliament, auditees, the general public and other stakeholders have full faith in the integrity, competence, honesty and credibility of both National Audit Office staff as individuals and the National Audit Office as a whole.

In addition, the Malawi government is pursuing accountability, good governance and zero tolerance on corruption as one of its core policies. The fact that the National Audit Office, as a watchdog over public resources, has developed and implemented a sound Code of Ethics for its staff it thus most appropriate.

The International Organization of Supreme Audit Institutions (INTOSAI) is the organization representing Supreme Audit Institutions throughout the world. The National Audit Office is a member of INTOSAI and is therefore recommended to adopt the INTOSAI Code of Ethics. This Code of Ethics is used as a basis for national codes by Supreme Audit Institutions throughout the world. The National Audit Office has adopted the INTOSAI Code of Ethics and has adapted it to fit its environment.

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Auditor General

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Chapter 1 Introduction

A Code of Ethics is a comprehensive statement of the values and principles that shall guide the conduct of members of staff in an organization. All Malawi public servants are expected to perform their work with integrity and honesty, but this is particularly important to public sector auditors. It should, rightly, be expected that public sector auditors, as a cornerstone in enforcing good governance, transparency, accountability and integrity in the public sector, serves as role models when it comes to the manner in which they conduct their work.

The independence, powers and responsibilities of the public sector auditor place high ethical demands on the National Audit Office and the staff that we employ or engage for audits. This Code of Ethics therefore, considers the ethical requirements for Malawi civil servants in general and the particular requirements of National Audit Office staff, including their professional obligations.

The National Audit Office Code of Ethics is based on the universally accepted INTOSAI Code of Ethics, but has been adapted to the Malawian environment. In addition to following this Code of Ethics, the behavior and conduct of staff is further regulated by the Malawi Public Service Regulations.

The National Audit Office Code of Ethics is directed at all individual auditors (regardless of whether they are financial, performance, IT, Parastatal or Investigative auditors), all audit managers and all other individuals working for or on behalf of the Auditor General who are in any way involved in audit work.

The principles and rules in this Code of Ethics, shall also, as far as possible apply to other members of staff in the National Audit Office who do not have audit duties.

The conduct of public sector auditors should be beyond reproach at all times and in all circumstances. Any deficiency in their professional conduct or any improper conduct in their personal life's places the integrity of auditors, the National Audit Office, the auditing profession and the quality and validity of their audit work in an unfavorable light. This can in turn raise doubts concerning the reliability and competence of the National Audit Office. The adoption and application of this Code of Ethics aims to influence and positively reinforce the auditors conduct and behavior, thereby promoting trust and confidence in the National Audit Office's auditors and their work.

It is of fundamental importance that the National Audit Office is looked upon with trust, confidence and credibility. The National Audit Office's auditors will promote this by adopting and applying the ethical requirements of the concepts embodied in the key words Integrity, Independence and Objectivity, Confidentiality and Competence.

Any breach of the National Audit Office Code of Ethics, whether caused by a deliberate act or negligence, shall lead to the auditor being disciplined for his/her actions.

Chapter 2 Trust, Confidence and Credibility

The Malawian Parliament, the government, the audit clients and the general public of Malawi are entitled to expect the conduct and approach of National Audit Office staff is above suspicion and reproach and worthy of respect and trust.

National Audit Office auditors should conduct themselves in a manner that promotes co-operation and good relations between themselves and within the audit profession. The public confidence and respect which an auditor enjoys is to a large degree the result of the cumulative accomplishments of all auditors, past and present. It is thus in the interest of the auditors, as well as that of the general public, that auditors deal with fellow auditors and officers working for their audit clients in a fair and balanced manner.

The Malawian Parliament, the government, the audit clients and the general public of Malawi should be fully assured of the fairness and impartiality of all the work carried out by the National Audit Office. It is thus essential that this Code of Ethics, which governs the provision of public sector audit services, is in place and is adhered to.

There is a strong need for credibility in the Malawi public sector. It is therefore essential that the National Audit Office reports and audit opinions are considered by stakeholders to be thoroughly accurate, reliable and trustworthy.

All work performed by the National Audit Office must stand the test of legislative and executive scrutiny, public judgments on propriety and examination against this Code of Ethics.

Chapter 3 Integrity

Integrity is the core value of this Code of Ethics. Audit staff in the National Audit Office have a duty to adhere to high standards of behavior (such as honesty, truthfulness 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 always be above suspicion and reproach.

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

Audit staff in the National Audit Office should always conduct themselves with the highest level of integrity in all professional, business, and personal financial dealings and relationships. Integrity implies not only honesty, but also includes fair dealings and truthfulness.

Chapter 4 Independence, Objectivity and Impartiality

Independence from the audit clients and other outside interest groups is indispensable for auditors. This implies that National Audit Office auditors should behave in a way that increases, or that in no way diminishes, their independence.

Additionally, National Audit Office auditors should strive to not only be independent of the audited entities and other interest 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. This can only be assured when auditors are, and are seen to be, objective, independent and impartial.

In all matters relating to the audit work, the independence of auditors should not be impaired by personal and external interests. Independence may be impaired for instance by external pressure or influence on auditors, prejudices held by auditors about individuals, audited entities, projects or programmes, recent previous employment with the audited entity, close family ties or personal or financial dealings, which might cause conflicts of loyalties or conflicts of interests. Auditors have an obligation to refrain from becoming involved in any matters in which they have, or may be perceived to have, a vested interest.

There is a need for objectivity and impartiality in all work conducted by National Audit Office auditors, particularly in their reports, which always should be objective and accurate. Conclusions in audit opinions and audit reports should, therefore, be based exclusively on evidence obtained and assembled in accordance with the National Audit Office's Auditing Standards and Auditing Manuals.

Auditors in the National Audit Office should make use of, and carefully consider, 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 manner. The auditor should also gather information about the views of the audited entity and other relevant parties. It is vital however, that the auditors own conclusions should not be unduly impaired by such views.

Chapter 5 Political Neutrality

It is important to maintain both the actual and perceived political neutrality of the National Audit Office. This implies that both the National Audit Office, its management and all members of staff must be perceived by stakeholders as politically neutral and independent. It is thus important that the National Audit Office staff maintain their independence from political influence in order to discharge their audit responsibilities in an impartial way. Political neutrality is of particular relevance to the National Audit Office, since we work closely with the Malawian Parliament in general, and the Public Accounts Committee in particular, who by law are empowered to consider National Audit Office reports.

In addition, audit staff are expected to be aware of the provisions of the Malawi Public Service Regulations which stipulate that a person holding or acting in any post in the Public Service shall not be qualified for election as a member of the National Assembly.

Chapter 6 Conflicts of interest

When auditors provide advice and services other than audits to the audit clients, care should be taken that this advice does not lead to a conflict of interest. In particular, auditors should ensure that such advice or services do not assume 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 gifts or gratuities which could influence or be perceived as influencing their independence and integrity.

Auditors should avoid all relationships with management and staff of the audited entity and other parties which may influence, compromise or threaten the ability of auditors to act and be seen as acting independently. It is thus expected that auditors in the National Audit Office declare such interests and are excluded from audit assignments regarding that particular client.

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

Auditors are prohibited from using information received in the performance of their duties as a means of securing personal benefits for themselves or for others. They are also prohibited from divulging information which could provide unfair or unreasonable advantage to other individuals or organizations, and from using such information as a means for harming others.

Chapter 7 Confidentiality

National Audit Office staff must at all times adhere to the highest level of confidentiality. They should under no circumstances disclose information obtained in the auditing process to third parties, either orally or in writing, except for the purpose of meeting the National Audit Office's statutory responsibilities as part of the National Audit Office's normal procedures or in accordance with relevant laws governing the Republic of Malawi.

Confidentiality is binding before, during and after the performance of audit assignments.

Chapter 8 Competence and Professional Development

The competence of audit staff is a key element in ensuring the credibility and reputation of the National Audit Office. 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.

Auditors must not undertake work they are not competent to perform, unless they receive the necessary help and guidance during the audit which enables them to complete the tasks successfully.

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

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 National Audit Office's Auditing Standards and Auditing Manuals.

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

Auditors must have sufficient competence, experience and the necessary tools to carry out audits in an effective and efficient manner.

The auditor must exercise due care and concern in complying with the National Audit Office Auditing Standards and Auditing Manuals. This embraces due care in the planning, execution and reporting phases.

Glossary

Accountability-	The obligation of an individual or entity entrusted with public resources to be answerable for the responsibilities that have been conferred on them.
Audited Entity -	The organization, program, activity or function subject to audit by the NAO. Has the same meaning as *Audit Client*.
Audit Evidence-	Information that forms the foundation which supports the auditors or NAOs opinion, conclusions or report.
Auditing Standard-	Auditing Standards provide minimum guidance for the auditor that helps determine the extent of the audit steps and procedures that should be applied to fulfill the audit objective. They are the criteria against which the quality of the audit results are evaluated. Auditing Standards can be complemented by more detailed *Auditing Manuals*
Corruption-	An act done with the intent of giving, accepting and soliciting advantage inconsistent with official duty and the rights of others or the abuse of public power for private gain. It involves abuse of discretion.
Due Care-	The appropriate element of care and skill which a trained auditor would be expected to apply having regard to the complexity of the audit task, including careful attention to planning, gathering of evidence, and forming opinions, conclusions and making recommendations.
Executive-	The branch of government which administers the law.
INTOSAI-	The International Organization of Supreme Audit Institutions (INTOSAI) is an international and independent body which aims at promoting the exchange of ideas and experience between Supreme Audit Institutions in the sphere of public financial control
Legislature-	The law making authority of a country, for example Parliament
Opinion-	The auditor's written conclusion on a set of financial statements as the result of a financial audit.
Report-	The auditor's written opinion and other remarks on a set of financial statements as the result of a financial audit or

	the auditor's findings on completion of a performance audit.
Supreme Audit Institution-	The public body of a State which, however designated, constituted or organized, exercises by virtue of law the highest public auditing function of that state.