

FOREWORD



Introduction of performance audit in Supreme Audit Institution (SAI) of Bangladesh has been a long felt need. To meet that need, this manual has been developed as one of the major programmes of the ongoing reforms agenda under the project “Strengthening the Office of the C&AG”. This manual is a landmark in the history of SAI Bangladesh, as the manual will make key contribution towards modernisation of auditing practices and improving quality of audit by introducing performance audit.

Our tradition- bound financial and regularity audit, though makes significant contributions to safeguarding public resources from misuse, wastage and misappropriation, it does hardly have any reflection on the success or failure of management in terms of the objectives achieved. Viewed from this context, existing auditing practice fails to play its due role as an aid to and an integral part of the modern management process.

Over the last few decades the approach to public auditing across the world has shifted to examination of issues of performance and results. The accountability regime has shifted from emphasis on procedures, controls and regulations to accountability for results and performance. These developments in the management of public resources and the notion of economy, efficiency and effectiveness have led to the development of a new approach to audit, namely, the performance audit or value for money audit, which can significantly contribute towards modern management practices and change management style.

The role of audit has to change to respond to what our principal clients, Parliament and the public want. They want to know how public resources are being spent and, in exchange, what benefits are being derived. Parliament desires that the operations and programmes carried out in the public sector organisations are effective, efficient and economic. The Public Accounts Committee strongly supports the examination of such operations and programmes to ensure that the value for money is being achieved.

This manual, I hope, will be instrumental to the auditors in understanding and carrying out performance audit. Knowledge of this manual coupled with practical experience will enhance capability and skill level of the auditing staff to carry out effective performance audit. This manual will also be a guide to training on performance audit.

The main objectives of the manual are to provide:

- ?? An introduction to the concept of performance audit.
- ?? Guidance on selection of appropriate studies and planning of performance audit.
- ?? A summary of audit techniques needed to carry out performance audit.
- ?? Guidance applicable when undertaking performance audit examinations.
- ?? Advice and guidance on performance audit reporting.
- ?? Advice on the follow-up of performance audit reports.

The manual aims to provide a structured but flexible approach. Every performance audit will be different. On individual studies, auditors will have to exercise judgement and develop an appropriate approach. Auditors must ensure that the performance audit procedures are carried out and adapted to meet the nature, scale and needs of each examination.

The manual should be read along with the Government Auditing Standards, the Audit Code and other Audit Manuals issued under the authority of the Comptroller and Auditor General of Bangladesh. All procedures and techniques set out in these documents, as far as they relate to performance audit, should be followed with due care.

This manual derives its authority from Article 128 of the Constitution of the People's Republic of Bangladesh and the Comptroller and Auditor General (Additional Functions) Act, 1974. The manual will be updated from time to time to accommodate organisational and legislative reforms as well as evolution of audit techniques and methodologies. Any suggestion for improvement of this manual is most welcome.



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