
CODE OF ETHICS

of

Public Auditor of the National Audit Authority

Including:

- **5 Chapters**
- **31 Points**

Fundamental Principles of Code of Ethics

The adherence of discipline and good attitude in implementation depend on a number of fundamental principles which are characteristic of auditing profession due care. The fundamental principles guide auditors to respond their skill and they are the basic of code of conduct in performance of auditor obligation.

The fundamental principles are:

Integrity

Auditors should be straightforward, honest and sincere in their professional work.

Objectivity

Auditors should be impartial, honest and free conflict of interest. Auditors should be fair and not prejudicial to their objectivity.

Professional competence

Auditors should have high standard of skills throughout their professional careers. They should only undertake work they can expect to complete with their professional competence.

Technical standards

Auditors should carry out their professional work in accordance with the technical and professional standards appropriate to that work.

Professional behavior

Auditors should conduct themselves in a consistent manner with good noble of the profession and refrain from any conduct which might bring discredit to their profession.

Confidentiality

Auditors should respect the confidentiality of information and should not disclose the information to third party without specific authorization from the auditor general unless there is a legal or professional duty to disclose.

Independence

Independence in the sense of being self-reliant, and not subordinate, is essential to the practice of all professions. In all phases of work, auditors should be independent in the general sense in order to achieve their work.

CHAPTER 1 Introduction

Concept, Background and Purpose of the Code of Ethics

1. The conduct of 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 places the integrity of auditors, the National Audit Authority (“NAA”) that they represent, and the quality and validity of their audit work in an unfavorable light, and may raise doubts about the reliability and competence of the NAA itself. The adoption and application of the code ethics for auditors in the public sector promotes trust and confidence in the auditors and their work.

2. It is a fundamental importance that the NAA is looked upon with trust, confidence and credibility. The auditor promotes this by adopting and applying the ethical requirements of the concepts embodies in the key words Integrity, Independence and Objectivity, Confidentiality and Competence.

Trust, Confidence and Credibility

3. The legislative and/or executive authority, the general public and the audited entities are entitled to expect the NAA conduct and approach to be above suspicion and reproach and worthy of respect and trust.
4. Auditors should conduct themselves in a manner which promotes co-operation and good relations between auditors and within the profession. The support of the profession by its members and their co-operation with one another are essential elements of professional character. The public confidence and respect which an auditor enjoys is largely the result of the cumulative accomplishments of all auditors, past and present. It is therefore in the interest of auditors, as well as that of the general public, that the auditor deals with fellow auditors in a fair and balanced way.
5. The legislative and/or executive authority, the general public and the audited entities should be fully assured of the fairness and impartiality of all NAA's work. It is therefore essential that there is a national Code of Ethics.
6. In all parts of society there is a need for credibility. It is therefore essential that the reports and opinions of NAA are considered to be thoroughly accurate and reliable by knowledgeable third parties.
7. All works performed by the NAA must stand the test of legislative and/or executive scrutiny, public judgments on property, and examination against a national Code of Ethics.

CHAPTER 2

Integrity

8. Integrity is the fundamental value of the Code of Ethics. Auditors have a duty to adhere to high standards of behavior (e.g. honesty and candidness) in the course of their work and in their relationship with the staff of audited entities. In order to sustain public confidence, the conduct of auditors should be above suspicion and reproach.
9. Integrity can be measured in term of what is just and equitable. Integrity requires auditors to observe both the form and 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 the resources of the NAA.

CHAPTER 3

Independence, Objectivity and Impartiality

10. Independence from the audited entity and other outside interest groups is indispensable for auditors. This implies that auditors should behave in a way that increases, or in no way diminishes, their independence.

11. Auditor should strive not only to be independent of audited entity and other interested groups, but also to be objective in dealing with the issues and topics under review.
12. It is essential that auditors are independent and impartial, not only in fact but also in appearance.
13. In all matters relating to the audit work, the independence of the auditors should not be impaired by the personal or external interests. Independence may be impaired, for example by external pressure or influence on auditor; prejudice held by auditors about individuals, audited entities, projects or programs; recent previous employment with the audited entity; or personal or financial dealings which might cause conflict of loyalties or of interests. Auditors have an obligation to refrain from becoming involved in all matters in which they have a vested interest.
14. There is a need for objectivity and impartiality in all work conducted by auditors, particularly in their reports, which should be accurate and objective. Conclusions in opinions and reports should, therefore, be based exclusively on evidence obtained and assembled in accordance with the NAA's auditing standards.
15. Auditors should make use of 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 way. The auditor should also gather information about the views of the audited entity and other parties. However, the auditors' own conclusions should not be affected by such views.

Political neutrality

16. It is important to maintain both the actual and perceived political neutrality of the NAA. Therefore, it is important that auditors maintain their independence from political influence in order to discharge their audit responsibilities in an impartial way. This is relevant for auditors since NAA works closely with the legislative authorities, the executive empowered by law to consider the NAA's reports.
17. It is important that where auditors undertake, or consider undertaking, political activities they bear in mind the impact which such involvement might have – or be seen to have – on their ability to discharge their professional duties impartially. If auditors are permitted to participate in political activities they have to be aware that these activities may lead to professional conflicts.

Conflicts of interest

18. When auditors are permitted to provide advice or services other than audit to an audited entity, care to be taken that these services do not lead to a conflict of interest. In particular, auditors should ensure that such advice or services do not include management responsibilities or powers, which must remain firmly with the management of the audited entity.
19. 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.

20. Auditors should avoid all relationships with managers and staff in the audited entity and other parties which may influence, compromise or threaten the ability of auditors to act and seen be seen to be acting independently.
21. Auditors should not use their official position for private purpose and should avoid relationships which involve the risk of corruption or which may raise doubts about their objectivity and independence.
22. Auditors should not use information received in the performance of their duties as a means of securing personal benefit for themselves or for others. Neither should they divulge information which would provide unfair or unreasonable advantage to other individuals or organizations, nor should they use such information as a means for harming others.

CHAPTER 4 **Professional secrecy**

23. Auditors should not disclose confidential information obtained in the auditing process to third parties, either orally or in writing, except it is authorized by the Law on Audit of the Kingdom of Cambodia, other regulations of the NAA or authorized by other applicable laws.

CHAPTER 5 **Competence**

24. 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.
25. Auditors must not undertake work they are not competent to perform.
26. Auditors should know and follow applicable auditing, accounting, and financial management standards, policies, procedures and practices. Likewise, they must possess a good understanding of constitutional, legal, institutional principles, and standards governing the operations of the audited entity.

Professional development

27. Auditors should exercise due professional care in conducting and supervising the audit and in preparing related reports.
28. 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 generally accepted auditing standards.
29. Auditors have a continuous obligation to update and improve the skills required for the discharge of their professional responsibilities.
30. A system of annual incentives and rewards is hereby established in order to motivate and inspire public auditors to uphold the highest standards of ethics.

31. Any auditor who commits any violation of this Code of Ethics shall be punished under the Law on the Co-statute of Civil Servants, Law on Audit of the Kingdom of Cambodia and other regulations issued by the NAA.

Message from the Auditor General

Being members of the profession, we have an obligation to adhere attitude and behavior which is appropriate to their responsibilities toward auditees.

The obligation rests with us because we have chosen an occupation with a high degree of responsibility and trust.

These are qualities we value. Our skills cannot be ensured the audit work in success unless respect of code of conduct.

This Code is an integral part of professional conduct and should be followed at all times by all auditors.

Phnom Penh, 27/ 06/ 2002

Auditor General

Uth Chhorn