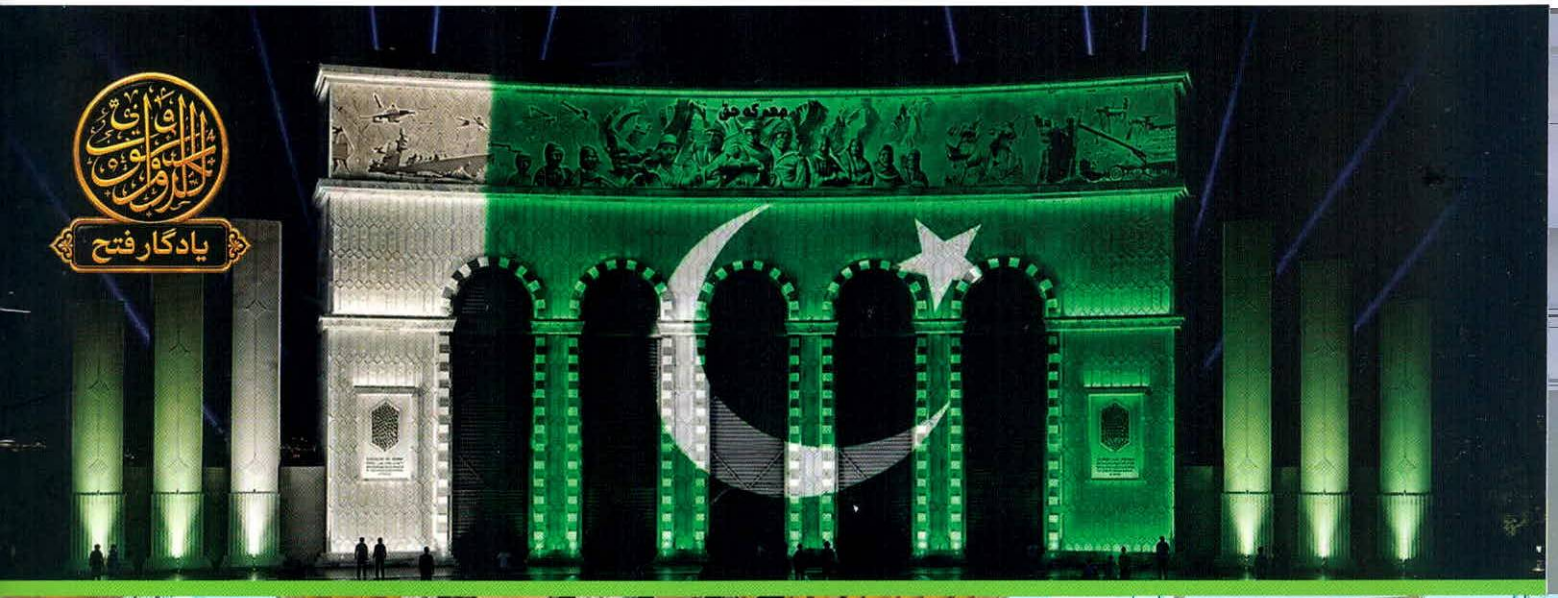
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Transforming
Public Audit in Pakistan

Rapid digital transformation, increasing fiscal complexity, emerging governance risks and growing public expectations have necessitated comprehensive reforms to transform DAGP into a modern, technology-driven, risk-based and internationally aligned SAI capable of providing greater assurance on the efficient and effective use of public resources.

Maqbool Ahmad Gondal - Auditor-General of Pakistan

The Department of the Auditor-General of Pakistan (DAGP), Pakistan's Supreme Audit Institution (SAI), derives its constitutional mandate from Articles 168–171 of the Constitution to audit the accounts of the Federal and Provincial Governments and authorities or bodies under their control. As the custodian of public accountability, the Auditor-General of Pakistan (AGP) plays a vital role in promoting transparency, fiscal discipline and good governance.

Rapid digital transformation, increasing fiscal complexity, emerging governance risks and growing public expectations have necessitated comprehensive reforms to transform DAGP into a modern, technology-driven, risk-based and internationally aligned SAI capable of providing greater assurance on the efficient and effective use of public resources.

Drivers of Reform: The reform process gained particular momentum following the Rs. 375 trillion figure reported by DAGP in 2025. Its economic implausibility and the aggregation of diverse audit findings into a single headline figure raised questions regarding audit methodology and credibility. The controversy became an opportunity to strengthen DAGP's systems and reporting.

Other drivers include the increasing size and complexity of public expenditure, digitalization of government operations and financial management, rising expectations of Parliament and citizens, adoption of international auditing standards, the need for greater transparency in public financial management, and emerging risks relating to climate change, cybersecurity, artificial intelligence and public-private partnerships.



These developments require DAGP to move beyond traditional compliance auditing towards comprehensive assessments of economy, efficiency, effectiveness, governance and sustainability.

The reformed planning process is based on risk and incorporates balanced, risk-informed annual audit programmes, follow-up of previous recommendations and identification of improvement trends, full application of the Auditor-General's mandate within each FAO's jurisdiction, audit priorities of governments, PAOs and legislatures, and mandatory work, international commitments and other requirements.

Modernizing Public Sector Accounting: A major reform is the revival of the initiative to transition from Pakistan's existing New Accounting Model (NAM) towards an accrual-based public sector accounting framework aligned with IPSAS. With World Bank technical assistance, DAGP held an open-house discussion on 12 May 2026 and is preparing Terms of Reference for engaging a consultant to develop new Pakistan Public Sector Accounting Standards (PPSAS). The hiring process will begin after approval of the PC-I.

The reform is expected to strengthen recognition of public assets and liabilities, fiscal transparency, financial reporting, decision-making and long-term fiscal sustainability.

Reporting Reforms: DAGP has introduced standardized Entity Reports and Project Reports templates, shifting reporting from traditional observation-based approaches towards risk-based, performance-oriented and entity-focused reporting. The templates provide Parliament, Provincial Assemblies, PACs, PAOs and other stakeholders with a holistic assessment of governance, financial management, internal controls and performance.

Commissioned by the Auditor-General in November 2025, the templates are being continuously improved in light of international best practices and experience. The reform seeks to move from isolated observations to comprehensive entity-level assessments, identify the causes of governance failures rather than merely instances of non-compliance, and enhance the usefulness of audit reports for legislative oversight and executive decision-making.

Reforming the Audit Planning Process: For Audit Year 2026-27, DAGP introduced a new Audit Plan Template-2026, replacing



Audit Reports for Audit Year 2025-26 were laid before Parliament before 30 June 2026. The objective is to institutionalize this timeline so that Appropriation Accounts and Audit Reports are laid before Parliament by 30 June each year.

the template introduced in 2014. The new approach translates each Field Audit Office's (FAO) jurisdiction into a prioritized roadmap for effective use of resources and stronger financial accountability and governance.

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The revised Code is expected to be rolled out by August 2026 with an implementation framework to strengthen integrity, audit quality, institutional efficiency and public confidence in DAGP's constitutional mandate.

Enhancing Parliamentary Accountability:

Timely audit reporting is essential for effective legislative oversight. For the first time, the Appropriation Accounts for FY 2024-25 and AGP's Federal

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Engagement with Public Accounts Committees: During planning for Audit Year 2026-27, DAGP approached the Federal and all Provincial Public Accounts Committees (PACs) for the first time to obtain their views on areas requiring particular audit attention. Their suggested priority areas, programmes, projects, sectors, entities and government initiatives were incorporated into the audit plans of the respective FAOs, making audit planning more responsive to parliamentary and public concerns.

Establishment of Centre for Government Data Analytics (CGDA):

The inauguration of the Centre for Government Data Analytics (CGDA) in November 2025 marked a major step towards transforming public auditing from traditional sample-based



approaches to data-driven, risk-based and continuous auditing. CGDA uses big data and advanced analytics to enhance audit quality and coverage. In December 2025,

DAGP procured four new ACL data-analytics software licenses to strengthen this capability.

CGDA has already delivered significant results. Analysis of a provincial budget data identified unauthorized budget punching beyond approved allocations across more than 30 grants and several object heads, leading to new SAP-level controls. Analysis of more than 4.3 million payroll records across all districts identified approximately Rs. 46.8 million in irregular Special Allowance payments to over 1,200 employees and approximately Rs. 40.6 million in irregular stipend payments to 338 Pesh Imams already employed elsewhere in government. The cases were referred for recovery and inquiry. CGDA has also supported the Climate Financing Special Study and numerous data-extraction requests from FAOs.



Work in progress includes extending the Special Allowance analysis to a province's 36 districts, examining a technical organization's data for duplicate or fictitious trainees through CNIC verification with NADRA, and using the e-PADS procurement dashboard and IPAS dashboard covering around 800 PSDP projects for procurement and project audits. Following training on the Security Deposit system, FAOs have also been instructed to audit the full population of relevant transactions rather than relying on samples.



The reform is expected to strengthen recognition of public assets and liabilities, fiscal transparency, financial reporting, decision-making and long-term fiscal sustainability.

Revision of DAGP's Code of Ethics: DAGP's Code of Ethics, originally issued in June 2002 in line with INTOSAI standards, is being comprehensively revised following DAGP's transformation and INTOSAI's transition from ISSAI 30 to ISSAI 130. The revision, initiated in December 2025, has involved consultations and the development of mechanisms for dissemination, capacity building and enforcement.

The revised Code is expected to be rolled out by August 2026 with an implementation framework to strengthen integrity, audit quality, institutional efficiency and public confidence in DAGP's constitutional mandate.

Challenges Ahead: Despite substantial progress, DAGP continues to face challenges including rapid technological change, limited specialist audit capacity, increasing complexity of government operations, the need for real-time access to digital government data, resource constraints, continuous professional development and management of organizational change.

Addressing these challenges will require sustained leadership commitment, continued investment in technology and continuous innovation to consolidate the transformation of DAGP into a modern, effective and internationally aligned Supreme Audit Institution.



The writer is the Auditor-General of Pakistan