

# EUROSAI SEMINAR ON AUDITING ETHICS

Luxembourg, 17 – 18 September 2013

By Radek Majer



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Administrator of  
the liaison officer

This seminar was organised as one of key activities of the EUROSAI Task Force on Audit and Ethics (TFAE). The agenda was prepared by the European Court of Auditors (ECA), with due account given to views expressed by members of the TFAE and results of the TFAE survey conducted among members of the EUROSAI.

The aim was to raise awareness and explore possibilities of auditing ethics-related issues and including them in audit tasks, as well as address practical matters concerning such audits.

Participants were invited to exchange views and learn from existing experiences of SAIs involved in relevant audits, and where possible, draw lessons from these experiences.

The seminar combined general plenary sessions (introducing the ethical framework, stakeholder views and activities of the TFAE in respect of auditing the ethical framework) and two interactive blocks to discuss relevant audit experience and practical aspects of audit work.

The first general audit-related block – The Challenge of Auditing Ethics-Related Matters – was meant to allow participants to identify topics (e.g. audit mandate and criteria, tools and methods, good practice, obstacles) to be explored in the next stages of the seminar in order to increase the chance of carrying out ethics-related audits.

The second general block – Tools and Methods to Assess Risks – aimed at familiarising the participants with possible approaches to mapping the environment and identifying risks. It was followed by a breakout session to get better acquainted with one of the methods developed by the



From left to right: Mr Geoffrey Simpson, Director of the Presidency, Mr Paolo Giusta, Principal Auditor, Chamber I, Performance management and ethics expert, Ms Helena Abreu Lopes, chair of the TFAE, from the Supreme Audit Institution of Portugal, Mr Vítor Caldeira, President of the ECA, Mr Eduardo Ruiz Garcia, Secretary General of the ECA, Professor Christoph Demmke from the European Institute for Public Administration and expert for ethics in the public sector

SAI of the Netherlands.

Mr Vítor Caldeira, President of the ECA and Mr Eduardo Ruiz Garcia, Secretary General of the ECA welcomed the participants and introduced the seminar.

Mr Caldeira warmly welcomed in particular Ms Helena Abreu Lopes, chair of the TFAE, from the Supreme Audit Institution (SAI) of Portugal and Mr Christoph Demmke from the European Institute for Public Administration and expert for ethics in the public sector.

He also announced the participation of Ms Inés Ayala Sender, Member of the European Parliament who, as speaker, would offer a perspective on the public scrutiny of ethics-related issues and the contribution of public audit.

He then extended his warm welcome to the representatives of other regional groups of INTOSAI. The cooperation agreements established with EUROSAI by different regions have facilitated the participation from colleagues from the SAIs of the Philippines, Chili and Guatemala.

The SAIs' experience and practice in auditing ethics vary, and there are even SAIs which may not have an explicit mandate to audit ethical frameworks. Moreover there are no guidelines the auditors can refer to. That's why this seminar represents an important opportunity. This conference is meant not just to pave the way for the audit of ethics related to issues in public management but also to facilitate the development of the ethical framework. One day audit compliance for public managers may become a standard objective for audit by Supreme Audit Institutions .

The concept of the seminar was then explained by Mr Paolo Giusta, who was one of the facilitators together with, Mr Andreas Bokart, Ms Florence Fornaroli, Mr Fabrice Mercade and Mr Radek Majer from the ECA, and Ms Linda Strijker from the SAI of the Netherlands.

## An innovative approach to exploring how SAIs can audit ethics-related matters

**By Paolo Giusta, Principal Auditor, Chamber I  
Performance management and ethics expert**

The fact that the European Court of Auditors organised a seminar on auditing ethics-related matters, under the auspices of the EUROSAI's Task Force on Auditing Ethics, was fully in line with the Court's value statement, which indicates that the latter "actively involve itself in the further development of the public audit profession in the EU and worldwide".

Indeed, the question of how SAIs can audit the design and implementation of the ethical framework of the public bodies subject to their scrutiny is a new frontier in the development of public audit. To make progress into this largely uncharted territory, an innovative approach was chosen, consisting in tapping into the variety of knowledge and experience from the participants, who came from most EU countries, plus Russia, Switzerland, Iceland, Norway, Turkey, Albania, Moldova, and were representing regional SAI organisations from other continents, too. The steps of this approach, which built the backbone of the seminar, were the following.

### **1. We need the right questions before jumping to the answers**

We first looked at the questions and issues to be explored and addressed. This was a phase of creative and somehow messy exchange of ideas, where parallel conversations were going on around tables of four, in three rounds of 15' each (one person stayed at the same table to ensure continuity and the other three travelled from one table to another so that ideas could circulate) .

The result of the session was rich and, on top of the issues suggested by the task force (mandate, audit methodology and criteria, success factors, and obstacles), many key questions were identified, such as:

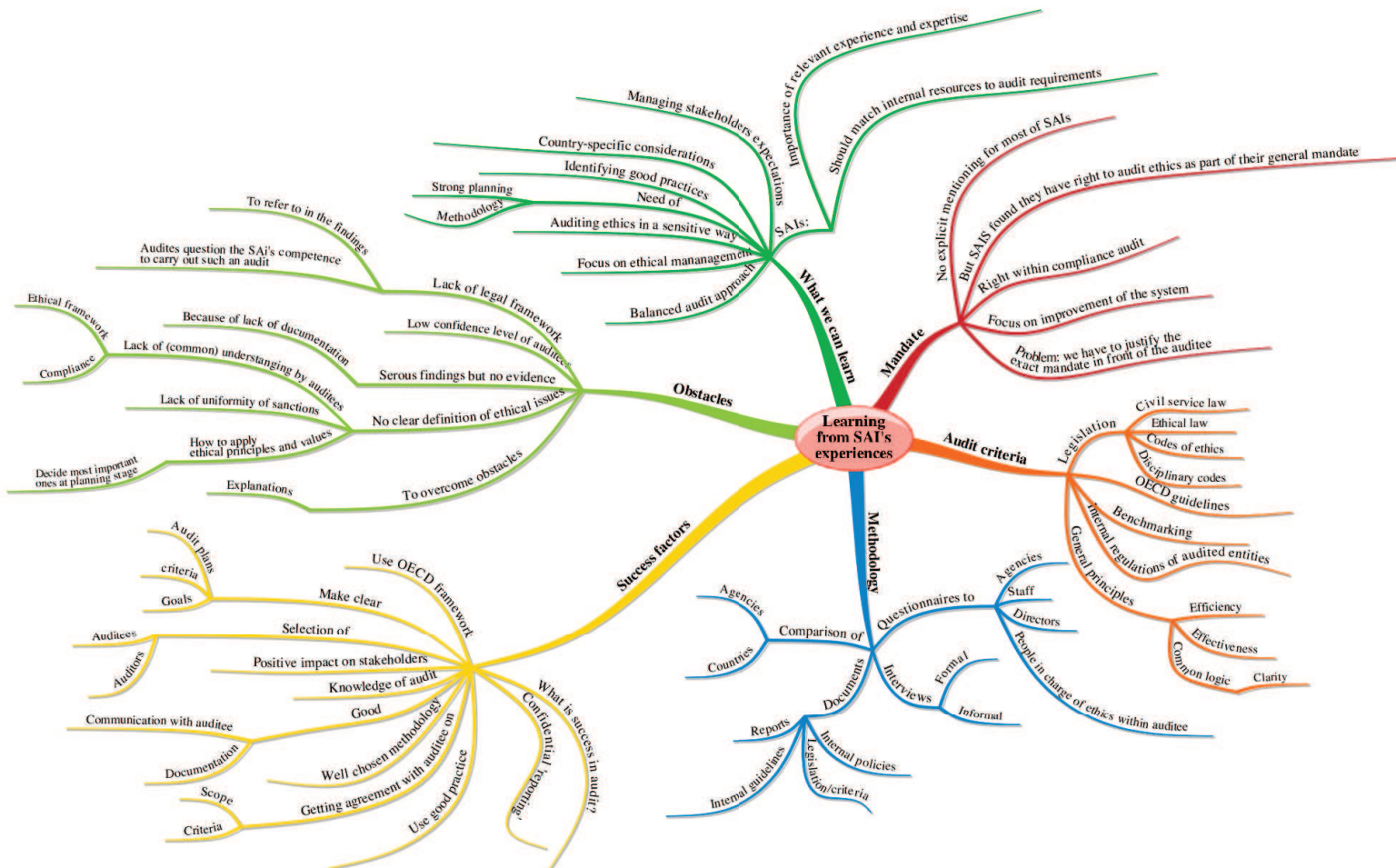
- o What is ethics? Do we have a common understating, among SAIs and with the auditees, on the subject matter? As Prof. Demmke, one of the most recognised experts in the field of public sector's ethics, explained at the beginning of the seminar, the concept of ethics is evolving rapidly in public bodies, from a past narrower focus on fighting corruption and bad behaviour towards new instruments to foster integrity and ethical decision making, to not only safeguard the reputation of the organisation, but to improve the performance and effectiveness of public bodies.

- o What is measurable in the implementation by audited bodies of their ethical policy and infrastructure? By consequence, what is auditable and should fall into the scope of SAIs' audits?
- o Do we have the necessary resources, skills and competences to audit ethics-related matters? How to build and further develop them?
- o On top of the mandate question, how to obtain the necessary commitment by the SAIs leadership to actually decide to carry out audit on ethics?
- o What could be the impact of such audits, and how best communicate their results?



## 2. Towards practical solutions for successful future audits on ethics

The seminar was largely an exercise of learning together and documenting the learnings in real time. Another session that required active participation from the participants consisted in listening carefully to six experiences of auditing ethics-related matters that were shared by SAIs, including the ECA's Special Report on management of conflict of interest in some EU agencies that was presented by Mr Ludboržs, Member of the ECA. Participants were asked to pay attention to various aspects of the presentations that could help developing further good practices in the future. At the end of the session we collected the learnings, which are summarised in the mindmap below.



Successively, the participants voted to decide what issues need to be explored more in depth, and five groups discussed them with the aim of proposing practical solutions based on what we know so far as well as further steps to continue gathering the necessary knowledge. The results of the groups' work were presented in a lively plenary session. The trend that emerged is that further common work is needed, both to continue building experiences and sharing good practices on auditing ethics, and to progressively shape a common methodology and guidance at EUROSAI level.

To conclude, some practical methods developed by the Hungarian and Dutch SAIs were offered – and one of them tested in a case study – that could provide practical guidance for future audits on ethics. We also heard a stakeholder's perspective through the talk of Ms Ayala Sender MEP.

In her concluding remarks, Helena Lopes, chairman of the EUROSAI's Task Force on Auditing Ethics, underlined that most SAIs consider they have the mandate for auditing ethics, the importance in such audits of focussing on the functioning of the auditees' systems and not on individual cases, and the need to continue reflecting towards methodology and tools to be developed, with the aim of building a common usable body of knowledge, on the one hand, and preserving the national specificities on the other.