TASK FORCE ON AUDIT & ETHICS: THE IMPORTANCE OF ETHICS LEADERSHIP

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Introduction

During the IX EUROSAI Congress held in The Hague, in June 2014, the EUROSAI Task Force on Audit and Ethics (TFA&E) conducted a workshop about Ethics Leadership.

The Heads of SAIs and other high level leaders that attended the workshop were challenged to identify some of the most important leading and management attitudes and initiatives to make sure ethics is a key pillar of their organisations. This exercise was made by obtaining, at first, a view on the attitudes and behaviours that leaders should not have, leading to conclude on the right actions.

The attitudes and behaviours that the participants considered as needed concern the following key roles of ethics leadership:

• Strategic approach to integrity

• Leading by example

• Management of ethics

• Open door policy

• Enforcement

1. Strategic approach to integrity

All participants recognised that Supreme Audit Institutions and their leaders need to use an active strategic approach to integrity.

This includes the need to establish a code of ethics in the SAI, which shall state values and guidance, setting criteria for behaviour and performance and ensuring stakeholders' trust.

Moreover, it was considered as very important that leaders make it clear, through frequent statements and specific policies, that ethics is a priority for the institution.

A post it from a workshop's participant about the attitudes a leader should not have:

Putting ethics in the top management agenda, considering it as one of SAI's priorities and adopting a strategic approach to ethics means, not only having a code and talking about it, but also implementing an ethics infrastructure or system, with all the indispensable elements, and allocating resources to this task (namely time, staff and space).

SAIs' leaders and managers should avoid closing their eyes to integrity risks or denying integrity problems, as well as avoid to solely relying on individuals' actions.

2. Leading by example: being the model

Tone at the top is one of the most important elements to enhance ethical behaviour in an organisation.

Leading by example implies constantly demonstrating fundamental values as well as being consistent with what is required from everyone and reacting ethically in critical situations. It includes also ensuring true professional management.

Another post it. An unethical leader is the one who is:

Respecting, guiding and giving feedback are also seen as important duties of leaders and managers.

At the same time, leading by example means ensuring high standards of accountability and transparency and being fully accountable for own and other's decisions and behaviours.

Being a model is about giving the good example. Leaders and managers should not practice the opposite of what they preach and of what the requirements demand.

Participants of the workshop pointed out specifically that leaders and managers of SAIs should avoid temptations of abusing their power and using their positions for personal benefits or political influence. Thus, they should not try to influence recommendations and outcomes of the audit missions or refraining from publishing some of the audit results, due to political or personal reasons (e.g. career).

Participants mentioned that a leader should never:

On the other hand, being a model of conduct implies fairness and respect in the relationship with staff members: leaders and managers should not be arrogant.

Finally, participants considered it very important that leaders and managers don't avoid their responsibilities: they should act whenever necessary.
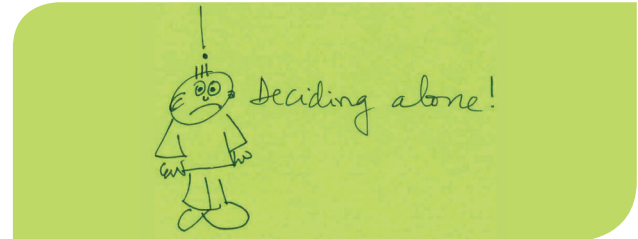
3. Management of ethics

Managing ethics means including merit and ethics in the daily management practices, e.g. in human resources policies (such as recruitment, performance appraisal or professional development). According to participants in the workshop, recognising and rewarding good behaviour are important tools of ethical management.

Participants mentioned the following issues to be considered:

- Preventing nepotism, namely related to staff's relatives

- Appointing and promoting solely on the base of merit

- Ensure that staff is demanded enough, not accepting or encouraging unqualified workforce, but not more than adequate, providing enough resources

Through this particular post it a participant remarked that one of the wrong attitudes of leaders is:

4. Open door policy

Another key element of ethics leadership is an open door policy. This means that leadership and management should be inclusive and that voice must be given to employees in the decision making processes. Leaders and managers should not decide alone, it is important to involve teams and staff. At the same time, leaders and managers should pay attention to the needs and expectations of their staff.

Openness in this matter also means encouraging discussion of ethics issues, problems and dilemmas, ensuring an open and mutual learning environment, providing and facilitating guidance on ethical problems and making sure that ethics advice is available to staff wanting to discuss concrete situations.

Participants also pointed out that a leader should never:

5. Enforcement

Finally, participants in the workshop considered it important to identify effective ways of ensuring ethical conducts.

The following actions and tools were mentioned:

- Identifying and solving potential ethical risks or conflicts

- Assessing behaviours and reviewing intentions

- Using permanent awareness and monitoring/ control tools

- Taking firm corrective actions when needed

- Establishing whistleblowing policies

- Ensuring fair hearing procedures

- Never stop re-examining

Not facing problems, not reacting to unethical behaviour or not taking care of working discipline were considered by the participants as non-options and errors that should not be committed.

Conclusion

While interesting to participants and contributing to a fruitful discussion among them, this workshop met one of the objectives set for the TFA&E for the period 2014-2017: raising awareness on the importance of leadership and tone at the top to enhance ethics in SAIs.

The ideas that were raised contributed to deepen the discussion about the main ethical challenges in this field and to highlight the important role played by SAI's leaders and managers as key integrity actors in SAIs. Furthermore, they will be incorporated in the TFA&E work and will be conveyed to the ISSAI 30 review process, through the due channels. ■

REPORTS OF EUROSAI GOAL TEAMS