



REPORT AND PROPOSAL TO THE EUROSAI GOVERNING BOARD AND CONGRESS

Reporting Period: 2011-2014

1. The Task Force for Audit & Ethics (TFA&E)

In June 2011, in Lisbon, following a recommendation of the VIII EUROSAI Congress and within the Portuguese Presidency's priorities, the EUROSAI Governing Board, under the proposal of *Tribunal de Contas*, set up a Task Force to deal with *Audit & Ethics* (TFA&E), aiming at ***promoting ethical conduct and integrity, both in Supreme Audit Institutions (SAI) and in public organisations***. The Task Force should build upon this theme and share the results with the SAI's community.

While the TFA&E started its activities with 11 members, 20 EUROSAI SAI are now participating in its work:

- Albania
- Croatia
- Cyprus
- Czech Republic
- European Court of Auditors
- Fyr of Macedonia
- France
- Hungary
- Iceland
- Italy
- Malta
- Poland
- Portugal (Chair)

- Romania
- Russian Federation
- Serbia
- Slovenia
- Spain
- The Netherlands
- Turkey

2. The TFA&E Working Plan 2012-2014

The work of the TFA&E combines the main EUROSAI goal 3 of sharing knowledge, information and experiences with the objective of strengthening relationships with other organisations of audit professionals.

The Task Force met for the first time in May 2012 and approved a working plan for the period 2012-2014 based on two goals: *contribute to raise public confidence in SAI by supporting the implementation of ISSAI 30 (Code of Ethics)* and *promote ethical conduct in public organisations through the SAI's activities*.

The following activities were planned under each one of these two goals.

Goal 1 of the TFA&E: *Contribute to raise public confidence in SAIs by supporting the implementation of ISSAI 30 (Code of Ethics)*

Objective	Activity/project
1.1. Identify SAIs' ethical framework and practices	1.1.1. Collect, organise and analyse information from SAIs of EUROSAI and other regions about ethical: <ul style="list-style-type: none"> – Codes and regulations – Human Resources' policies – Committees – Practical dilemmas – Guidance – Management and operational tools – Assessment tools

Objective	Activity/project
1.2. Raise awareness on ethical issues through training	1.2.1. Identify good practices in training
	1.2.2 Define model courses on ethics
	1.2.3. Make proposals on how to deliver ethics related training to EUROSAI members
1.3 Share Results	1.3.1. Organise and include information in the EUROSAI Task Force Webpage
	1.3.2. Organise a seminar to share experiences and information

Goal 2 of the TFA&E: *Promote ethical conduct in public organisations through the SAI's activities*

Objective	Activity/project
2.1. Identify SAIs' auditing practices	2.1.1. Identify and analyse existing experiences in auditing ethics related issues, namely audit reports, guidance and methodologies
2.2. Share experiences and results	2.2.1. Organise a seminar to discuss possible SAIs' activities in this field and to share experiences and information
	2.2.2 Organise and include information in the EUROSAI Task Force Webpage

3. The TFA&E Results

During the two years where the TFA&E conducted its activities after the kick-off (May 2012), the Task Force has fulfilled all the projects included in its working plan, although in some of them further developments can be implemented.



The main initiatives and achievements of this period were:

Goal 1 of the TFA&E: *Contribute to raise public confidence in SAIs by supporting the implementation of ISSAI 30 (Code of Ethics)*

➤ SURVEY

All EUROSAI members were surveyed in December 2012 about their frameworks and practices in guiding, managing and controlling ethics. 64% of them replied to this survey, answering the questions, sharing their experiences and sending several ethics related documents.

A report on the results of this survey is available in the TFA&E webpage and also in the EUROSAI website.

The replies to the survey were intensively used for the other TFA&E activities, namely the preparation of seminars and papers.

➤ PAPERS

- In June 2013 the TFA&E issued a first paper *“Supporting SAI to enhance their ethical infrastructure- Part 1: a general overview of SAI’s ethical strategies and practices”*. This paper reflects on the results of the TFA&E survey, against the ethical standards for SAI, as included in the ISSAI, as well as against the elements of an ethical infrastructure, as defined by OECD. It concluded that, as a general trend, EUROSAI member SAI strive to meet the main ISSAI ethical requirements. They are presently focusing in establishing and executing ethics-related guidance and orientation measures, while the ethics infrastructure control function is less developed.

This paper is available in English and in some other European languages in the TFA&E webpage as well as through the EUROSAI website. Translation to the five EUROSAI official languages is underway.



- In June 2014 the Task Force issues a second paper “*Supporting SAI to enhance their ethical infrastructure- Part 2: managing ethics in practice*”. The basis for this paper is the description of concrete experiences related to the management of ethics. The experiences were identified through the information gathered in the TFA&E survey and through later contacts with SAI from EUROSAI and other INTOSAI Regions. The paper also builds on the seminars held by the TFA&E and the contacts with OECD Public Sector Integrity Division. Experiences are described by the SAI themselves.
- Good practices in training and courses on ethics were also identified, listed and included in part 2 of the above mentioned paper.

➤ SEMINAR

In January 2014 the TFA&E held a seminar about “*Enhancing Ethics within Supreme Audit Institutions*”. This seminar was organised and hosted in Lisbon by *Tribunal de Contas*, the SAI of Portugal.

The seminar included the presentation of the ISSAI ethical requirements, the OECD integrity framework, the IntoSAINT tool and some ethical strategic approaches as well as the sharing of experiences through workshops, discussions and brainstorming in small groups.

100 participants from 34 SAI participated in this seminar.

The agenda of this seminar, the presentations and documents, the conclusions of workshops and discussions, the conclusions of the seminar and the evaluation report can be found in the TFA&E webpage.



➤ WORKSHOPS

For the YES Congress (Rotterdam) and for the IX EUROSAI Congress (The Hague) both hosted by the Netherlands Court of Audit, the TFA&E prepared and delivered two workshops related with *Ethics within SAI*. They were used both as inputs and outputs of the Task Force. This means they were used to disseminate its work and, at the same time, to collect further views and opinions for its projects. The workshop held in the YES Congress related with training initiatives and materials and the workshop prepared for the EUROSAI Congress relates with ethical leadership.

➤ TFA&E WEBPAGE

The TFA&E designed and implemented a website available in <http://www.eurosai-tfae.tcontas.pt>. A link to this webpage is also available in the EUROSAI website.

This website includes a public part with:

- Useful information about the TFA&E (objectives, members, contacts)
- Activities (working plan, cooperation, reports, survey, papers)
- Meetings (agenda, participants, minutes, documents)
- Seminars (programme, participants, documents)
- Documents
- Articles
- Photos
- Links

There is also a Member's section, log-in and password protected, where working or reserved documents can be found only by authorised persons within the membership of the TFA&E.



➤ COOPERATION

For developing the activities of its goal 1, the TFA&E established some cooperation with other INTOSAI groups and external partners.

Other Regional Working Groups of INTOSAI were contacted:

ASOSAI kindly sent the TFA&E the documentation of a seminar held in the region about ethics. These documents included the country papers of ASOSAI members on the subject and, following analysis by the TFA&E, allowed us to select some interesting experiences from this region to be explored and presented during the seminar and in the TFA&E papers. The SAI of Indonesia participated in the Lisbon seminar and in the TFA&E paper by presenting their experience and the SAI of Korea prepared an article for the paper.

OLACEFS also participated in the seminar and in the paper, through its Presidency, the SAI of Brazil, presenting their experience and exchanging views on ethics management.

ARABOSAI and AFROSAI were also represented, by the SAIs of Algeria and Cape Vert.

The TFA&E liaised with EUROSAI Goal Team 2, with the INTOSAI Professional Standards Committee and with the INTOSAI Development Initiative (IDI), due to the fact that goal 1 of its activities relates to the implementation of ISSAI 30. Within this liaison, the TFA&E was involved in the ISSAI 30 review process.

For the seminar and the papers, the TFA&E cooperated also with the OECD Public Sector Integrity Division.

➤ ISSAI 30 REVIEW

As mentioned, following contacts with the INTOSAI PSC, the TFA&E was informed about the process to review ISSAI 30. The chair of the ISSAI 30 review team (the SAI of Poland) became a member of the TFA&E and invited the SAI of Portugal, as chair of the TFA&E, to join



the review team, in order to ensure an effective cooperation in the field. The members of the ISSAI 30 review team (Poland, Indonesia, United States and UK) were all invited to the TFA&E seminar held in Lisbon, Portugal. This seminar included discussions on the need to review ISSAI 30 as useful inputs for the review process. The project proposal to review this ISSAI includes the results of these discussions.

Furthermore, the first meeting of the INTOSAI review team was held in Lisbon, on the occasion of the seminar.

Goal 2 of the TFA&E: *Promote ethical conduct in public organisations through the SAI's activities*

➤ **SURVEY**

Through the same survey mentioned above, all EUROSAI members were asked about their practices, methods and interests in auditing ethics related issues. 64% of EUROSAI SAI replied to this survey, answering the questions, sharing their experiences and sending several related documents.

The report on the results of this survey, available in the TFA&E webpage, summarises the offered replies, which were also used to prepare the TFA&E seminar and paper.

➤ **PAPER**

In June 2014 the TFA&E issues a paper about "*Auditing Ethics*". This paper reflects on the results of the survey and builds on them, including articles from several authors and SAIs. It tackles issues such as:

- How ethical issues are important to be dealt with in the SAI's audit work



- Possible audit approaches and the description of several audit reports and studies conducted by SAIs
- Some methods and tools that can be used in the audit work when it comes to ethics related issues.

➤ SEMINAR

In September 2013 the TFA&E held a seminar about “Auditing Ethics”. This seminar was organised and hosted in Luxembourg by the European Court of Auditors.

The seminar was designed to share experiences and mainly to discuss the possibilities and paths SAIs could use to audit ethics related issues. A strong participatory approach was used, promoting discussion about the reasons to audit integrity issues, the possible subjects to be audited, the main difficulties to be faced and the tools that can be used.

The main conclusions were:

- Public ethics/integrity is a subject that deserves to be put in the control agenda of SAIs
- Auditing ethics related subjects fits implicitly in the SAI’s broadly defined audit mandate
- SAIs are in the position of adding value and having impact by facing the challenge of using systemic approaches focused in improving systems, choosing measurable topics and setting agreed criteria
- Some SAIs have already undertaken interesting experiences that we can look into and learn from: auditable topics, defined criteria, specific tools
- SAIs would benefit from continued share of experiences and further reflection and guidance on specific standards, measurement criteria and methods and tools to be used in ethics related audits.



52 participants from 28 SAIs participated in this seminar.

The agenda of this seminar, the presentations and documents, the conclusions of discussions and of the seminar and the evaluation report can be found in the TFA&E webpage.

➤ **WORKSHOPS**

For the YES Congress (Rotterdam) and for the IX EUROSAI Congress (The Hague) both hosted by the Netherlands Court of Audit, the TFA&E prepared and delivered or participated in two workshops related with [Auditing Ethics](#).

The workshop held in the YES Congress, in an exercise format, continued to explore the issues raised in the Luxembourg seminar: the importance of auditing ethics related issues and the choice of the relevant subjects, the key audit questions and the adequate audit criteria.

The workshop organised for the EUROSAI Congress, leaded by the SAI of Croatia, relates with how to audit public procurement from an integrity perspective.

➤ **TFA&E WEBPAGE**

The information produced under this goal, mainly included in the survey report, in the seminar documents and in the TFA&E paper is available in the TFA&E website.

➤ **COOPERATION**

For developing the activities of its goal 2, the TFA&E also established some cooperation with other INTOSAI groups and external partners.



ASOSAI participated in the Luxembourg seminar through the SAI of Philippines.

OLACEFS also participated in the seminar and in the 3rd TFA&E meeting, through one of its specific committees (CEPAT: Committee for public ethics, administrative probity and transparency) represented by the SAI of Chile and Guatemala. CEPAT and the SAI of Brazil and Costa Rica also contributed to the TFA&E paper, by describing relevant and interesting approaches and tools to audit ethics related issues.

For the goal 2 seminar and paper, the TFA&E cooperated with EIPA (European Institute of Public Administration) and the OECD Public Sector Integrity Division.

Realising that disseminating as much as possible its work and ethics relevant tools is a part of its mandate and that several methods can be used to enhance this dissemination, the TFA&E agreed with the host of its 5th meeting (SAI of Romania) to use the meeting opportunity to deliver a conference to the host SAI's employees. This conference lasted for 2 hours and focused in the TFA&E activities and products and in the IntoSAINT tool.

4. Outlook

As mentioned in the beginning of this report, the TFA&E was established by the EUROSAI Governing Board to promote ethical conduct and integrity, both in SAIs and in public organisations.

Although set up as a follow-up of one of the VIII EUROSAI Congress recommendations and as a priority of the Portuguese Presidency and although it has fulfilled its 2012-2014 working plan, the progress made by



the TFA&E and the expectations raised showed that important work can be further conducted in this field:

- Initiatives and practices to manage and audit ethics in European SAIs are still very asymmetric. Some SAIs are developing practices and methods in both areas and exchange of experiences in the field seems promising and enriching.
- Integrity awareness and strategic perspectives can be further developed if a specialised, dedicated and structured approach is kept.
- Ethics control function is not yet sufficiently developed.
- ISSAI 30 review process is a good opportunity for EUROSAI to contribute to ISSAI development and strengthening.
- At the same time, if ISSAI 30 is, in fact, reviewed, new guidance will be needed for its implementation. Several SAIs expressed the need of having more detailed guidance on the implementation of ISSAI 30. Either this guidance is included in level 2 ISSAI or should be given at regional level, the TFA&E has a privileged position to develop or help developing this guidance.
- EUROSAI members are not yet completely aware of the possibilities they can explore in auditing ethics related issues.
- Several SAI expressed the need and interest that the TFA&E further explores the methods and tools that can be used in these types of audits.
- The interest in becoming a member of the TFA&E is still increasing: the last requests to join the Task Force are quite recent, which means that SAI are still discovering this field of action.
- On the other hand, the current members of the TFA&E are interested and committed in continuing the exchange of experiences and further development in the field. Some of them have been incorporating the results of the TFA&E developments in their organisational and audit approaches and are interested in going further.

- This knowledge sharing area is considerably new in INTOSAI community. Apart from OLACEFS/CEPAT and IntoSAINT initiative, it has no equivalent in INTOSAI or other Regions and has still a considerable room to further explore useful information and guidance for SAI.

5. New mandate and working plan

For these reasons, it seems important to ensure a sustainable response to EUROSAI members' needs and interest both in the fields of ethics' management and ethics' audit.

To allow that, **the TFA&E proposes to the EUROSAI Governing Board and to the EUROSAI Congress to have its mandate extended for a new period. According to the Task Force unanimous proposal and the willingness of the SAI of Portugal, the Governing Board is asked to consider the renewal of *Tribunal de Contas* as chair of the TFA&E.**

If this mandate is confirmed, the Task Force proposes to develop the following projects:

GOAL 1: PROMOTE ETHICS AS A PILLAR OF SUPREME AUDIT INSTITUTIONS

Objectives	Activities/Projects
1. Raise awareness on the importance of ethics as a key pillar of SAI, focusing notably on leadership role, on implementation practices and on people	Organise seminars/workshops
	Explore leadership role and identify methods to improve the tone from the top
	Prepare materials for raising awareness (v.g. practical dilemmas' presentation, videos, etc.)
	Establish electronic forum

Objectives	Activities/Projects
2. Strengthen the ethics' monitoring and control systems in SAI	Provide guidance on how to build the control system
	Identify, describe and/or prepare control and evaluation tools
	Encourage self-assessment, internal evaluation and peer review as a regular practice in SAI
	Support a post-assessment approach
3. Monitor SAIs' ethical frameworks and practices as a tool for improvement	Monitor and update the list of SAI's frameworks and practices
	Conduct a new survey by the end of the period and compare results with the previous survey
4. Follow/support work of ISSAI 30 review and IDI	Closely follow development of ISSAI 30 review
	Liaise and support IDI's work on SAI ethics' capacity building where needed

GOAL 2: PROMOTE ETHICAL CONDUCT IN PUBLIC ORGANISATIONS THROUGH THE SAI'S AUDIT ACTIVITIES

Objectives	Activities/Projects
1. Issue common guidelines to audit ethics/integrity	Map and study existing guidelines/methodologies/tools/questionnaires /checklists both for common and specific audits
	Organise seminar about methodologies to audit ethics, including expertise in measuring soft controls
	Draft common guidance
	Disseminate and test guidance
2. Raise awareness and encourage SAI to audit ethics related issues and monitor SAIs' ethics related audit practices	Publish articles/papers about auditing ethics
	Monitor and update the list of SAI's ethics related audit practices by asking information on audits and reports on an annual basis
	Conduct a new survey by the end of the period and compare results with the previous survey



FOR BOTH GOALS 1 and 2

Objectives	Activities/Projects
1. Disseminate progress both to EUROSAI Members and to other INTOSAI Regional Working Groups	Permanently review and update of the TFA&E website structure and content
	Liaise with other INTOSAI Regional Working Groups and include them in the TFA&E activities

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Contact person: Helena Abreu Lopes, member of the Portuguese Court of Auditors and Chair of the TFA&E, Helena.lopes@tcontas.pt