



AUDITING ETHICS IN THE PUBLIC SECTOR

*A general
overview
of SAI's
practices*

Foreword

Work undertaken by Supreme Audit Institutions (SAI) is intended at strengthening stakeholders' trust in the governance of the public sector. Increasing demands from these stakeholders include performing according to high ethical standards.

The EUROSAI Governing Board established a Task Force on Audit & Ethics. One of the purposes meant for it was precisely to promote ethical conduct in public organisations through the SAIs' activities.

The TFA&E realised that, to pursue this goal, it should understand if and how SAIs include this perspective in their audit work and, based on that understanding, it should explore how this approach could be enhanced and improved. So, the TFA&E Working Plan for 2012-2014 included activities targeted at identifying and comparing SAIs' existing experiences in auditing ethics related issues, notably collecting ethics related audit reports and studies and identifying respective guidance and methodologies. This work was developed on the basis of a survey launched by the TFA&E in December 2012, which allowed SAI's practices to be identified and further explored. A seminar on the subject was organised by the European Court of Auditors in September 2013, in Luxembourg, and a workshop was held in the Young Euro Sai Congress (YES). In these events important discussions were promoted about why and how to audit ethics related issues and concrete audit cases were presented and explored. Later, several authors and SAIs were invited to describe their opinions and experiences in short articles.

This paper summarizes the main identified experiences and opinions and reflects on them, aiming at sharing the gathered information and conclusions with the whole SAI's community.

Auditing ethics appears as something that can be done by several approaches: either as an assessment of the strength of control systems, either as a compliance checking with particular provisions, either as a part of a performance evaluation or as a study of an integrity structure, climate or culture.

What seems to matter is to answer the fundamental questions: Is there a reason for SAIs to audit ethics? Do they have mandate for that? Are ethical issues auditable? How can SAIs do it?

The Task Force gathered possible answers to these questions and trusts this information to be of use and interest to SAIs, particularly when considering new possible approaches in their audit work that can meet the growing challenges in public management. I believe that new ideas and directions can emerge from them.

I thank all the Members of the Task Force on Audit & Ethics for their strong commitment and hard work in preparing all this information and notably the SAI of Croatia for coordinating it so effectively.

I must also express our gratitude to the other SAIs and authors that accepted to share their ideas, experiences and proposals for the benefit of all, notably colleagues from the SAIs of Brazil, Costa Rica and Chile and Professor C. Demmke, János Bértok (OECD) and Paolo Giusta, for their willingness and important contributions to this work.

A handwritten signature in black ink, appearing to read 'Guilherme d'Oliveira Martins', with a long horizontal flourish extending to the right.

Guilherme d'Oliveira Martins

Chair of the EUROSAI Task Force on Audit & Ethics

President of *Tribunal de Contas* (Portugal)

Table of contents

Introduction

1. Why should SAIs audit ethics

- 1.1 Ethical infrastructure
- 1.2 Unethical behaviour
- 1.3 SAIs' mandate to audit ethics or ethics related issues

2. Which ethics related issues can SAIs audit

- 2.1 Choice of topics
- 2.2 Good practice in auditing ethics and/or ethics related issues

3. How to audit ethics

- 3.1 Methodology: criteria, standards and tools
- 3.2 Reporting

4. Impact and results

Annex 1: Results of the TFA&E survey

Annex 2: Articles

C. Demmke: Organisational performance and auditing ethics

J. Bértok: The integrity agenda: lessons from OECD countries

P. Costa: Auditing conflict of interests (results of a YES workshop)

Th. Óskarsson:	Audit and ethics – the Icelandic experience
P. Roland:	Audit of the integrity policy in federal tax departments –problems concerning the code of conduct
I. Ludboržs:	Management of the conflict of interest situations
A. Materljan:	Efficiency of the ethical infrastructure functioning in the government bodies – the Croatian experience
G. Pulay:	Integrity: a project to strengthen the integrity based administrative culture in Hungary
G. Ramos:	State owned enterprises and corporate governance principles
B. Goldman, N. Avraham:	State audit concerning ethics related issues – the Israel experience
P. Giusta:	How to audit the ethical performance of a public body – a proposal
J.R. de Sousa Filho:	Audit of ethics: an appointment in the SAIs schedule for the twenty-first century
L. Strijker:	Assessment INTEgrity (AINT)
J. Suarez:	Technical guidance for conducting audits of institutional ethics
M. Muñoz Gutierrez:	Supreme Audit Institutions’ toolbox for corruption control - systematisation of OLACEFS’ experiences

Introduction

In this paper, the TFA&E identifies existing SAI's experiences in auditing ethics and ethics related issues, providing examples of good practices, tools and approaches as well as possible results and outcomes of such audits.

The purpose is to motivate and encourage SAIs to audit ethics and/or ethics related issues, making it a more common audit objective in SAIs and, this way, paving the way to promote ethical conduct and the development of integrity frameworks in public organisations.



1. Why should SAIs audit ethics

Ethics, integrity and transparency of state officials' and civil servants' actions have become a growing focus of public attention. Numerous scandals related to corruption, illegality or lack of professionalism justify the prominent role of these issues in many countries.

At the same time, the reform and modernisation of state administration and public management and the increasing democratisation and openness of societies allow and claim for the development and strengthening of ethics' structures and management in the civil service.

Thus, **ethics turns out to be a required part of the public governance and performance and, in such circumstances, auditing ethics is becoming important.**

*(...) In the context of the financial crisis, there is a growing **interest** in public sector innovation, quality management, the need to enhance organisational performance, efficiency and good governance. The search for causal links between ethics and business performance is also starting to influence the academic and practitioner debate. If an unambiguous causal connection can be established between organisational performance and ethics, then this will have significant and positive implications for the justification of auditing ethics. (...)*

Prof. Christoph Demmke¹

By auditing ethics as a part of the public organisations' performance, **SAIs embody the view**

¹ C. Demmke: "Organisational Performance and Auditing Ethics", full article is presented in Annex 2.

that ethics has real and practical implications on how those bodies achieve their mission, vision and goals.

When doing that, the SAI's audit can be a valuable instrument for measuring the ethical climate or adherence to the code of conduct of the organisation. **The SAI can also add value and contribute to the improvement of management, controls and governance of the audited organisation through functional recommendations and a timely follow-up.**

On the other hand, by auditing ethics or ethics related issues **SAIs can help restoring trust and confidence in public organisations**, which has been recently deteriorating due to the financial and economic crisis. As known, part of the roots of this crisis lie on values' breakdowns as well as on failures of regulation and controls. SAIs are in an independent, expert and privileged position to identify and counteract the weaknesses, thus contributing to restore the public confidence.

«(...)Given the governance failures that contributed to the financial crisis and against a background of continuing economic and social uncertainty, Governments have been facing a challenge to rebuild trust in public institutions. Restoring trust in the ability of governments to regulate markets, manage public finances and deliver the services that citizens expect is a key element of a return to sustainable and inclusive growth.

(...)The current policy environment presents new opportunities for Supreme Audit Institutions to support a more strategic and forward-looking state. Many Supreme Audit Institutions have undertaken ambitious initiatives for institutional strengthening, capacity development, transparency and citizen participation in order to expand the relevance and impact of their work.

(...) Supreme Audit Institutions have a crucial role in supporting more open and effective government institutions and also in meeting citizens' expectations that governments provide assurance that the decision-making processes effectively pursue the public interest and are protected from undue influence. An increasingly common recognition is to review risks to integrity of government decision making and audit how existing instruments, for example for identifying and managing conflict of interest, function in daily practice.

Dr. Janos Bertok, OECD²

SAIs' reports are effective in drawing the attention of Parliaments and public. Focusing on ethics and ethical management, and providing correspondent recommendations and follow-up, they would be able to effectively encourage and enhance improvement in ethics' practices in public sector.

In November 2013 the Young EUROSAI Congress (YES) has been organised and hosted by the Netherlands Court of Audit in Rotterdam. During the Congress, a workshop was organised by the TFA&E about auditing ethics. One of the questions that participants were dealing with was why and what to audit in this area. Participants choose "Conflict of Interests" as the favourite audit topic.

Furthermore, participants were asked to list arguments as to convince the Head of their SAI on the importance of conducting an audit on "Conflict of Interests" in the public sector.

The main reasons why participants found it important to conduct such an audit were:

- *Auditing conflicts of interests would promote transparency, accountability and value for money*

² J. Bertok: "The integrity agenda: Lessons from OECD countries", full article is presented in Annex 2.

- *This audit would have preventive effects and would enhance audit as a preventive tool*
- *Auditing this subject would have a significant social impact, promoting public trust*
- *Conflicts of Interests represent a high risk of asset-lost and, thus, it is important to audit them*
- *Auditing Conflicts of Interests would be a relevant issue specially in the field of public procurement*

Paulo Costa, SAI Portugal³

“(...) Latin American SAIs have been part of this process and the role they have played strengthening integrity within their territories has been fundamental. The SAIs have helped open up public offices and reveal what was previously outside the scope of public scrutiny; they have included organised civil society and citizens in parts of the audit and oversight process and have refined methods of prevention, detection and control with the intensive use of information and communication technologies (...)”

M. Muñoz Gutierrez, SAI of Chile⁴

1.1. Ethical infrastructure

When thinking about conducting a public sector audit on ethics or on ethics related issues, one must know what we are dealing with, what does ethics mean, in order to clearly identify the audit objectives.

³ P. Costa: “Auditing Conflict of Interests – results of the YES workshop”, full article is presented in Annex 2.

⁴ M. Muñoz Gutierrez: “Supreme Audit Institutions’ Toolbox for Corruption Control – Systematisation of OLACEFS’ experiences”, full article presented in Annex 2.

Although ethics in the public sector varies from country to country, considering its level of development, tradition and culture, some ethical elements are common to all.

According to prof. Demmke⁵, one of the most recognised experts in the field of public sector’s ethics, 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.

Ethics in the public sector, as one dimension of the management culture, is **a formal system that regulates the behaviour of all public officials and employees in the public sector.**

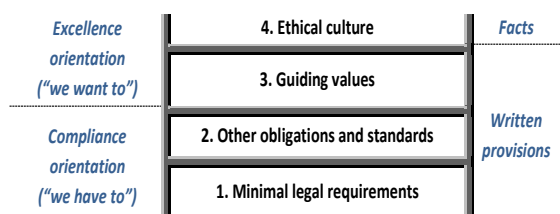
This framework refers to a complete **ethical infrastructure**, which should include:

- A set of values and principles that should be observed and respected
- Laws and by-laws regulating issues related to ethical behaviour
- Internal acts (codes of professional ethics, policies, guidelines, manuals, etc.) detailing and implementing the legal provisions
- Institutions and/or mechanisms responsible for promoting, controlling and monitoring ethical behaviour

The **layers of this ethical infrastructure** can be represented as follows:

⁵ C. Demmke: “Organisational Performance and Auditing Ethics”, full article is presented in Annex 2.

FIGURE 1: the layers of the ethical infrastructure



Paolo Giusta, EU civil servant⁶

Ethical values are core beliefs of intrinsic worth, priorities that lie behind all choices, motivating them. Values for public sector can be legally stated or not, depending on countries, and they establish the basis for codes of conduct. In any case, if decisions are taken according to those values, and business processes are operated in line with them, finding a positive ethical climate and successful performance advancement in place will not be a surprise. Some important common ethical values for the public sector are:

- Integrity and impartiality
- Promoting the public interest
- Commitment to the system of public administration
- Accountability and transparency

Ethical principles are ethical values translated into rules of conduct. They are defined by codes of conduct or other acts and they govern ethical behaviour of employees, *constraining* it. Some of the most relevant ethical principles for the public sector are:

- Performing public services impartially
- Acting in accordance to the law
- Avoiding conflicts of interests
- Avoiding clientelism, nepotism and other forms of favoritism

⁶ P. Giusta: "How to audit the ethical performance of a public body-a proposal" full text is presented in Annex 2.

- Rejecting gifts
- Respecting discretion and confidentiality
- Prudently managing public assets
- Conscientiously performing duties and obligations
- Performing tasks timely and effectively
- Preventing from abusing authority
- Fairly rewarding employees
- Respecting privacy

But values and principles are not enough. Based on them, the **ethical infrastructure** will include laws and regulations, strategies and policies, guidance practices, management policies and control mechanisms, all of them being needed for the establishment of a well-functioning integrity framework and culture. In fact, fundamental values and prescribed principles will only be effectively implemented when made clear and established as priorities to everyone, when encouraged, explained and translated into concrete guidance and support, when used as criteria for decision making and behaviour in all the organisation, when monitored and managed and when appropriate measures, procedures and sanctions are used in case of their violation.

World practice confirms that **a well-functioning ethical infrastructure contributes to the successful operation of institutions and to the public needs' satisfaction, while also increasing public confidence in the work of the state administration.**

It is useful that SAIs audit the existence and functioning of this framework. As mentioned before, it would enhance the public ethical climate, compliance and trust, it would show how public sector organisations are prepared to effectively perform their mission, vision and goals, it would provide evidence on how their governance,

management and controls are operating and it would improve the ethical management through meaningful recommendations and follow-up.

Although the architecture of the ethical infrastructure is not yet as developed as others (such as the risk management one – e.g. ISO 31000), with defined principles, frameworks and processes, the basis of sound ethics management are identifiable and, when done, that can be used as reliable audit criteria to support evidence and audit findings.

1.2. Unethical behaviour

Unethical behaviour of public officials and civil servants undermines the relationships between officers, affects the decision making processes, jeopardizes public bodies' efficiency and reduces public confidence in the institutions and in the decisions they make. It poses a threat to the legality of actions and decisions of public bodies, it may lead to fraud and corruption (specially in risk areas, such as public procurement) and usually has negative financial consequences for the state budget.

"(...) In most countries ethics policies operate in a climate of increasing levels of distrust (...). Therefore, the Member States are under pressure to intensify their efforts in the field of ethics to improve public trust.

It is clear that doing less would probably decrease the trust levels even further, but doing more, on the other hand, would not necessarily improve public trust.

Ethics policies are mostly scandal-driven. They emerge, flourish, are reformed and expanded as a result of scandals and media attention.

Hence, some issues such as corruption and fraud attract a lot of media and political interest, whereas others are not discussed publically to the same

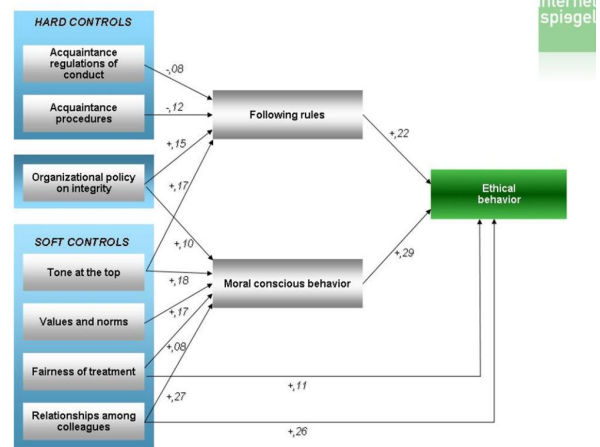
extent (e.g. mobbing and disrespect for core values). The fact that ethics policies are often scandal-driven results in the conception of symbolic policies, which at best lead to the adoption of new regulations (...)"

Prof. Christoph Demmke⁷

There are **two types of ethical behaviour**: following rules and moral conscious behaviour. Hard controls and soft controls can be used to enhance following rules and moral conscious behaviour. Soft controls are aimed at awareness and the moral competence of employees. There are five hard and soft controls that have shown to be contributing to following rules and moral conscious behaviour:

- Organisational policy on integrity
- Tone at the top
- Values and norms
- Fairness of treatment
- Relationships among colleagues

Source: Linda Strijker⁸



Hard controls include rules, procedures and structures. They are formal, objective and quantitatively measurable and, so, they are easily auditable.

⁷ C. Demmke: "Organisational Performance and Auditing Ethics", full article is presented in Annex 2.

⁸ L. Strijker: "Ethical behaviour: a theoretical framework" in TFA&E paper "Supporting SAIs to enhance their ethical infrastructure-Part II".

Soft controls relate to the culture, including tools such as training, awareness raising, role modelling or commitment, which organisations can use to influence and promote ethical behaviour. They tend to be informal, subjective and intangible. In this area it is difficult to identify what to audit and which audit techniques to use. But it is possible to do it, using the adequate methods, as mentioned below.

“(...) A preliminary study can be undertaken (...) to assess the ethical climate and the risk of unethical behaviour in the organisation. There are some models in the literature to estimate the risk of unethical behaviour; however, we must be careful not to leave out of the model a variable that captures the level of existing internal controls in the organisation system. The degree of exposure to ethical risk can serve as a criterion for prioritising the entities that are to be audited (...)”

José Rodrigues de Sousa Filho, SAI of Brazil⁹

1.3. SAIs’ mandate to audit ethics or ethics related issues

During its activities, notably through the survey issued in December 2012, the TFA&E identified that **most SAI don’t have a specific mandate for auditing ethics and/or integrity.**

Nevertheless, even though a specific responsibility is not often mentioned in the SAIs’ regulations, mandate of 80% of European SAIs provide them with a power to either audit ethics/integrity as a global subject (6%) or to include ethical issues within other audits (38%), or both (41%).

This results from the fact that **this responsibility arises from the SAIs’ general mandate.**

⁹ J.R. de Sousa Filho: “*Audit of Ethics: an appointment in the SAIs schedule for the twenty-first century*”, full article is presented in Annex 2.

In fact, the ethical aspect is one of the relevant factors of a risk assessment and an element of the internal control environment of an organisation (INTOSAI GOV 9100/2.1, ISSAI 1315/14, 2013 COSO Framework). So, **ethics related issues are somehow always considered in traditional audits, where internal control environment is analysed.**

On the other hand, **many SAIs include** the analysis of ethical related regulations **in their compliance audits.**

Finally, ethics is increasingly recognised as an element of public organisations’ performance. So, auditing ethics related specific subjects can be considered as a **part of performance audit**, without the need for an explicit mandate.

“(...) The National Audit Act (No. 86/1997) doesn’t specify ethical issues as one of the Icelandic National Audit Office’s (INAO) principal tasks. Such issues can, however, both be a part of compliance and performance auditing (...)”

Thórir Óskarsson, SAI Iceland¹⁰

However, **in some cases SAIs have a specific mandate for this area** or found it useful to include it explicitly.

According to the Basic Law in Israel, State Comptroller grants the Office the authority to examine “the legality, moral integrity, orderly management, efficiency and economy of the audited bodies, and any other matter which the State Comptroller deems necessary”.

Based on Benny Goldman and Nomi Avraham, SAI Israel¹¹

¹⁰ Th. Óskarsson: “*Audit and Ethics – the Icelandic Experience*”, full article is presented in Annex 2.

¹¹ B. Goldman, N. Avraham: “*State Audit Concerning Ethics Related Issues – The Israel Experience*”, full article is presented in Annex 2.

Recognising, through the participation in the TFA&E activities, the advantage and positive effects of having a specific mandate for auditing ethics in the public sector, the Albanian SAI has recently proposed a relevant amendment to their Organic Law, by stating that:

— *“regularity audit embraces (...), audit of integrity and propriety of administrative decisions taken within audited entity”; and*

— *“in compliance audit the SAI should define if the transactions and activities are in accordance with general principles of sound public sector financial management and conduct of public sector officials”.*

SAI Albania

It is encouraging to notice, from the replies to the TFA&E survey, that only 16% of respondent SAIs have identified mandate related obstacles in auditing certain bodies or policies concerning ethics or ethics related issues (either lack of mandate or a too narrow mandate).

So, despite the “weak tradition of auditing ethics”, trends are showing that ethics will become a normal feature in auditing public organisations in the future. Awareness of importance of the topic is clearly increasing. It seems only a matter of time: **time will come when linking ethics to audits et vice versa will become a normal feature of monitoring and evaluating public policies and bodies.**

2. Which ethics related issues can SAIs audit

Within the TFA&E survey issued in December 2012 cases were identified where European SAIs conducted audits and studies with ethics related content.

20 European SAI reported, through the survey, that they have included the assessment of ethics related issues in financial, compliance or performance audits.

According to Prof. Demmke’s opinion, until today auditors rarely examined the entire ethical framework. In most cases, they focus on a specific number of issues. But he observes that the trend towards more evidence based policies is also taking place in the field of ethics and, consequently, more efforts to institutionalise ethics can be seen in the link between ethics and auditing.

In that line, 10 out of the 32 SAI replying to the TFA&E survey (representing 31% of replies and 20% of the EUROSAI membership) reported that, in the last 10 years, they have performed audits or studies specifically addressed to assess ethics/integrity in the public sector or in any of its organisations. A few more cases were identified following exchange of experiences in TFA&E seminars.

Acknowledging the maturity level of ethics’ management is essential for defining the scope of the audit of ethics and to choose which components of the structure (ethics infrastructure) and which processes are viable and important to be audited.



In its article, included in Annex 2, Paolo Giusta, former auditor in the European Court of Auditors, suggests the following main audit questions, with several subquestions:

- Does an appropriate ethical framework exist?
- Is the ethical framework working in practice?
- Does the audited entity monitor the implementation of its ethical framework?

2.1. Choice of topics

As mentioned by José Rodrigues de Sousa Filho in its article, *“in defining the scope of an audit, the ethical aspect will be present primarily or subsidiary, according to the choice of the audited object and breadth of scope. When the main scope of the audit focuses on ethics management and its infrastructure, we can say that we are dealing with a proper audit of ethics. In other cases where the ethical aspect is treated only as a secondary element that can affect the audited object, the audit of ethics would occur in a subsidiary manner, embedded in the main audit”*.

As a **subsidiary approach**, and as already mentioned, several SAIs have included ethics/integrity issues in financial, compliance and performance audits. They did it either as part of the objectives set up for the audit within other audit objectives or as an issue addressed and explored after starting the audit.

Some examples of the issues covered in this way are:

- Review of governance structures, leading to ethics-related issues such as inappropriate procurement processes or management’s communication to staff with regard to management’s policies on expected standards of behaviour (*UK*)
- Review of budgetary control and effectiveness of expenditure and review of the control

and governance systems, procedures and practices, leading to identification of situations of irregular award of contracts and of inappropriate use of public funds for hospitality, entertainment and travel (*Ireland*)

- Review of supervision and control practices, unveiling ineffective board supervision that allowed misconduct in the budget management, namely use of credit cards for private use (*Denmark*)
- Conflicts of interests in public procurement (*Malta*)
- Internal control systems in the procurement area, including the impartiality of staff (*Norway*)
- Negotiation of a contract for a joint venture (without any tender to open market) with a company to which the agency was purchasing advice consultancy on how that same joint venture should be established and structured (*UK*)
- Statistical information and assessment of compliance in procurement procedures and contract execution regarding special conditions established by law to promote equality of gender (*Spain*)
- Prevention of corruption in the work organisation of rural municipalities and cities (*Estonia*)
- Conflicts of interests regarding sponsor’s undue influence in public campaigns (*Germany*)
- Reliance on external consultants (*Germany*).

For cases where ethics/integrity was the **main and primary subject for the audit or study**, the following type of issues or objectives have been considered by European SAIs:

- Regularity and performance of the established ethics infrastructure and the implementation of ethical values and principles (*Croatia*)
- Ethics infrastructure in comparison with the practices of other developed countries (*Croatia*)
- Integrity and integrity risks in the administrative culture (*Hungary*)

- State of integrity management in central government (*The Netherlands*)
- Codes of conduct in public administration (*Iceland*)
- Governance practices of the state-owned companies sector (*Portugal*)
- Integrity policy in tax departments (*Belgium*)
- Management of conflict of interest in EU agencies (*ECA*)
- How far public servants' disciplinary rules and proceedings are implemented and working as a support to ethical conduct in public administration (*Italy*)
- How effective investigation and prosecution of tax fraud, social security fraud and horizontal fraud is working (*The Netherlands*)
- Innapropriate adjustments in patient waiting lists in some organisations of the National Healthcare System, developing work and following-up on a previous report that had identified those kind of adjustments (*UK*)
- Professional conduct of high ranking government officials, including unethical professional conduct and innapropriate use of official facilities and equipment (*Malta*)
- Foreign allowances granted to civil servants (*The Netherlands*)
- Gifts and benefits for public servants (*Israel*)
- Political financing and donations to political parties (*Israel*)
- Post-employment restrictions (*Israel*)
- Making a whistle-blowing policy work (*UK*)

In many of these cases, and as stressed in the conclusions of the seminar organised in Luxembourg, SAIs have considered it important to focus on the existence and functioning of the auditees' ethical frameworks and systems and not on individual behaviours.

2.2. Good practice in auditing ethics and/or ethics related issues

The TFA&E identified **ethics related audit cases** through its survey and later activities. Some of these cases were explored and discussed during a seminar organised in Luxembourg in September 2013. Some are also described in articles attached to this paper.

The objective was to raise awareness and explore possibilities of auditing ethics related issues, address practical matters concerning such audits, exchange views and learn from existing experiences of SAIs involved in relevant audits.

The SAIs' experience and practice in auditing ethics vary, so one must pay attention to several aspects that can help developing further good practices in the future.

Iceland¹²

In 2003 the Icelandic SAI produced the report on *Codes of Conduct in Public Administration*.

At that time, the Government Employees Act (No. 70/1996) was the only formal ethical guideline for civil servants in Iceland, and its article dealing with ethics was very limited. However, there was a growing interest in developing a code of conduct for the whole public sector and individual public bodies.

Therefore, the INAO's goal with the audit of *Codes of Conduct in Public Administration* was twofold. On the one hand, the Office wanted to raise awareness of ethics and ethical issues in the public sector in Iceland in order to enhance good governance. On the other hand, the Office wanted

¹² Full text of the Icelandic SAI article "Audit and Ethics – the Icelandic Experience" is presented in Annex 2.

to evaluate and describe the ethical infrastructure of public bodies, e.g. the scope of codes of conduct, the views of managers towards a number of selected ethical criteria and their experiences regarding the use of codes of conduct.

The audit was based on a questionnaire survey among managers of 204 public bodies. The response rate was 80%. The audit also made comparison with codes of conduct for public administration in two western countries (UK and USA) and OECD's survey on ethics measures in OECD countries.

Among the audit's main findings were that only 15% of Icelandic public bodies had already established a code of conduct in 2003, about 40% were planning to establish a code of conduct and another 40% were waiting for a general code of conduct for civil servants or didn't see the need for such code.

The questionnaire also showed that respondents considered legitimacy, services benefiting the public, honesty, expertise and impartiality to be the most important ethical values for the public sector. These values were in good line with those in the countries the INAO selected for comparison.

In most cases managers were involved in establishing and implementing codes of conduct and in general managers were also responsible for monitoring compliance with the codes. Most bodies reacted to unethical behaviour of an employee with an informal reprimand. About 41% of those that had already established a code of conduct claimed that consequently work procedures had improved as employees were more conscious of their role and obligations and of following appropriate procedures.

The INAO presented its findings to the Icelandic parliament and called for an open discussion on ethical issues and for the introduction of codes of conduct in the public administration. In 2003 the INAO didn't perform formal follow-up audits but the audit did without doubt have some impact on the discussion of ethical issues in the public sector.

Belgium¹³

In 2011, the Belgian Court of Audit issued a review of how the integrity policy was being carried out in the tax services of the federal Department of Finance. This service had been chosen because it presents a particular risk both for control purposes and tax collection.

The integrity policy has been addressed in its various aspects: the prevention, the identification and the rectification of integrity breaches.

The main objective of the audit was to ascertain the existence of such a benchmark, which not only sets the values of the organisation but also transposes them into specific operational standards in order to cover the specific risks faced by the organisation in its tax collection and inspection activities. Indeed, very concrete questions may arise about the appropriateness of some behaviours of the staff towards a taxpayer or his representative (with regard to gift items or invitations, for example). The management has to rule on the lawfulness of such behaviours.

All federal departments are subject to an ethical framework in the form of a circular, which has been published on 17 August 2007 and details the common values and rules of conduct imposed on

¹³ Full text of the Belgium SAI article of "Audit of the Integrity Policy in Federal Tax Departments – problems concerning the code of conduct" is presented in Annex 2.

all civil servants. The aim was to raise awareness among civil servants regarding particularly the values of respect, impartiality, professionalism and loyalty; it outlines the behavioural expectations related to these core four core values. However, due to the variety of the mission types assigned to federal civil servants, the ethical framework further suggested that each Minister or State Secretary should lay down additional rules of conduct that would specifically be applicable in their departments.

The review of the Court of Audit revealed that there was still no code of conduct in the federal Department of Finance, but that such a code was in the pipeline for several months. An Ethical Framework Guide was published after the completion of the audit in March 2013.

As advocated by the Court of Audit, the guide contains standards of conduct that are tailored to the tasks performed by the tax officials. Since the guide was published after the completion of the audit, the Court has not had the opportunity to assess how far staff members adhere to it.

European Court of Auditors (ECA) ¹⁴

In recent years a number of alleged cases pertaining to conflict of interest involving certain EU Agencies have been reported in the press and have raised concerns within the European Parliament. In 2011 the European Parliament requested the Court to ‘undertake a comprehensive analysis of the agencies’ approach to the management of situations where there are potential conflicts of interest’.

Therefore, the ECA decided to evaluate policies and procedures for the management of conflict of

¹⁴ Full text of the ECA’s article “*Management of the conflict of interest situations*” is presented in Annex 2.

interest situations for four selected EU Agencies which make vital decisions affecting the safety and health of consumers.

With such an audit topic there was a need for the expectations of stakeholders and of the general public to be managed clearly from the outset. The Court did this by clearly defining and communicating the audit scope.

The Court did not assess specific conflict of interest situations as such since this would have involved an intensive examination of the circumstances of those situations as well as arbitrary judgements. Instead, ECA looked at policies and procedures and their implementation, in other words, the Court looked at management. ECA was not targeting particular individuals, but, of course, in the report ECA also gave examples to demonstrate its findings and conclusions.

Croatia¹⁵

State Audit Office of the Republic of Croatia performed during 2013 audit of efficiency of the ethical infrastructure functioning in the government bodies. The audit objective was to evaluate the efficiency of functioning of ethical infrastructures within 20 ministries, ethical conduct of civil servants and compliance with ethical values and principles, as well as the procedures in cases of their misconducts. Besides main audit objectives, there are also specific audit objectives to check and assess: integrity of ethical infrastructure in the public sector, implementation of rules and regulations related to ethics, level of ethical infrastructure establishment and efficiency of its implementation, level of relevant knowledge and skills of civil servants.

¹⁵ Full text of the Croatian SAI article “*Efficiency of the ethical infrastructure functioning in the government bodies – Croatian experience*” is presented in Annex 2.

Objective was also to check and assess treatment of complaints, their execution and reporting, cooperation with other subjects and importance of ethics in the government bodies and its place in Republic of Croatia strategy development. Regarding to significant irregularities that are repeating during the years in public sector, it's assessed that it would be justified to perform the audit that will evaluate whether government bodies implement necessary activities and developing adequate practise for promoting ethical values and principles in everyday practice and whether high ethical standards set in the public sector are achieved. In accordance, the audit scope includes activities related to the application of the Civil Servants Act provisions connected to the civil servants rules of conduct and of the Code of ethics for civil servants, application of ethical principles and values and functioning of ethical infrastructure in government bodies.

Hungary¹⁶

The Integrity Project of the State Audit Office of Hungary (SAO) provides an example of the prevention approach in the fight against corruption. Based on strengthening integrity within the public sector, the SAO launched an EU-funded project in order to map corruption risks and strengthen integrity within the public sector. The project is based on the principles of the internationally recognised and verified Dutch integrity methodology which has been adapted to the Hungarian circumstances and developed into a survey methodology.

The objective of the Integrity Project was to map, classify and analyse corruption risks and risk

¹⁶ The full text of the SAI of Hungary's article "*Integrity: A project to strengthen the integrity based administrative culture in Hungary*", is presented in Annex 2.

enhancing factors and to evaluate the existence and functioning of controls mitigating the corruption threats within the public sector. By providing "mirror image" for the public sector institutions participating in the survey, the organisations can face their own corruption risks and develop their resistance to the threats. The main aim of the project is to create the culture of integrity in the Hungarian public sector as a whole and to develop the integrity approach in the audit practice, to strengthen transparency and accountability.

Portugal¹⁷

In 2002, the Portuguese Court of Auditors carried out an audit focusing on the State Owned Enterprises (SOE) and aiming at getting the answers to the following questions:

- How many SOE existed in Portugal by the end of 2001
- How financially sound these SOEs were
- How much funding had the State been giving to these SOE
- How far did SOE adopted corporate governance principles

Ethics related issues were included within such corporate governance principles, notably risk management, conflicts of interest, codes of ethics and codes of conduct, corporate social responsibility and transparency and accountability.

The main conclusions drawn were that:

- Very few companies followed corporate governance principles,
- Most of them had their own codes of ethics or codes of conduct
- Very few performed risk management.

¹⁷ The full text of the Portuguese SAI's article "*State owned Enterprises and corporate governance principles*" is presented in Annex 2.

As a consequence, the Portuguese Court of Auditors recommended that implementation of corporate governance principles within the State Owned Enterprises should be boosted.

In 2008 the Portuguese SAI performed a follow-up audit, finding that:

- A law adopted in 2007 approved and published clearer “Corporate Governance of State Owned Enterprises” and made them applicable to all SOE
- Ethical principles for management, managers and companies were enforced by setting requirements in the several fields

These audits emphasised the important role of corporate governance principles, highlighted the importance of ethical requirements and conduct in public management, contributed to the enforcement of transparency and accountability in public enterprises and strengthened risk management and internal control systems in this area.

3. How to audit ethics

As demonstrated during discussions held and questions raised at the EUROSAI Seminar on Auditing Ethics of September 2013 in Luxembourg, **auditing** the way **ethics** is implemented in public sector bodies subject to the scrutiny of SAIs **is a challenging task**.

One of the conclusions of participants in this seminar, following expectations expressed in the TFA&E survey, was that exchange of experiences and reflections must continue, mainly in what concerns methodologies and tools to be used in these audits, with the aim of building a common usable body of knowledge, on one hand, and of preserving the national specificities, on the other.

The TFA&E identified some methods used by SAIs, as described below, but will keep on working in this field, as expected by EUROSAI members.

3.1. Methodology: criteria, standards and tools

As regards **audit criteria**, in the audit cases identified, SAIs assessed ethics related systems and procedures of public bodies mainly against ethical principles, internationally recognised frameworks (e.g. OECD), international recommendations and/or good practices, structured risk analysis, internal control systems’ principles and/or codes and law’s prescriptions. Many of the issues were assessed against legal criteria, including financial legislation, specific regulations and compulsory codes, therefore arising as compliance issues.

In any case, practices vary a lot, also due to different audit approaches.

Almost 30% of the SAIs replying to the TFA&E survey developed their own **methods and tools** to audit ethics or ethics related issues, such as:

- Specific audit manual containing ethics related content
- Specific audi programmes
- Specific methods, checklists and questionnaires
- Specific glossary, etc.

Some **specific methodological approaches and instruments to audit ethics** related issues were identified and are described in Annex 2 of this paper. They are instruments developed by SAIs, such as AINT (Dutch SAI) or the methodology developed by the SAI of Costa Rica or proposals made by colleagues working in SAIs, such as the ECA (Paolo Giusta) or the SAI of Brazil (José Rodrigues de Sousa Filho).

CEPAT, a committee for ethics, probity and transparency functioning in OLACEFS, has prepared a list of tools to prevent corruption, that were developed in the SAIs of that region, which can be quite interesting for SAIs wishing to develop the field of auditing ethics.

These instruments allow integrity risks and maturity levels to be identified and ethics hard and soft controls to be assessed.

The respective SAIs or authors can be contacted for further information.

“(...) SAIs can set attributes to design maturity models of ethics management, or build a governance index of ethics in order to qualify the audited entities by ranges of susceptibilities to commit ethical violations.

For purposes of governance, it matters how much ethics management is aligned with the strategic objectives of the organisation.(...)

To assess the risks and controls associated with the management of ethics we can adapt the tools and techniques specified in ISO 31010, or any that SAI usually applied to perform the steps of the risk assessment (identification, analysis and evaluation). (...)”

José Rodrigues de Sousa Filho, SAI of Brazil¹⁸

AINT stands for Assessment INTEgrity. It is a new audit instrument, based on SAINT and INTOSAINT to chart the vulnerabilities to breaches of integrity in the organisation. What do you need to worry about and why? The instrument also helps you to assess the maturity of integrity controls. What measures are present in the organisation and do they work properly? The quality of the controls should balance the vulnerabilities. Based on this analysis the organisation can design and implement an integrity policy that fits.

AINT as an instrument gives the opportunity to assess a principle based policy as well as a rule based policy and to assess the soft controls as well as the hard controls.

Linda Strijker, SAI Netherlands¹⁹

“(...) A good starting point to elaborate assessment tools can be found on the inspiring systematic set of 96 questions of Ethics Effectiveness Quick-Test (EEQT), designed by the Ethics Resource Center (ERC) Principal Consultant Frank Navran to evaluate twelve areas related to the management of ethics. This EEQT proves both versatile to draw

18 J.R. de Sousa Filho: “Audit of Ethics: an appointment in the SAIs schedule for the twenty-first century”, full article is presented in Annex 2.

19 L. Strijker: “Assessment INTEgrity (AINT)”, full article is presented in Annex 2.

a self-assessment test of areas related to the management of ethics, as well as to support the planning of an audit.(...)"

José Rodrigues de Sousa Filho, SAI of Brazil²⁰

" (...) A comprehensive measurement framework is provided by two renowned ethics experts, Joan Elise Dubinsky (the current director of the UN Ethics Office) and Alan Richter: in their Ethics and Integrity Benchmarks²¹, they provide "a tool for helping organisations assess and measure their progress in making a formal and transparent commitment to ethics and integrity in the workplace". In our view, these benchmarks, organised around twelve key areas, can be used not only by managers and ethics officers in the organisation itself, but also as a reference point for external auditors charged with assessing the performance of the ethical framework of such organisations.

Paolo Giusta, ECA²²

" (...) In 2008 the CGR²³ took the challenge of defining a methodology for developing audits of institutional ethics.

As the product of a thorough bibliographic and digital research and a survey on the national and international levels, the "Technical Guide for Conducting Audits of Institutional Ethics" was issued. The paper configures the CGR's answer to a need it perceived and to frequent statements, mainly from the group of the internal auditors of public institutions, who required guidance about ways to support management in strengthening the systems of internal control, risk assessment and corporate governance, including institutional ethics as a part of the latter. The Guide's use is not

20 J.R. de Sousa Filho: "Audit of Ethics: an appointment in the SAIs schedule for the twenty-first century", full article is presented in Annex 2.

21 <http://qedconsulting.com/files/GlobalEthicsandIntegrityBookmarks.pdf>.

22 P.Giusta: "How to audit the ethical performance of a public body-a proposal", full article is presented in Annex 2.

23 CGR is the SAI of Costa Rica

mandatory, rather it is offered to internal auditors, management and every professional who conducts audit, as an option to perform examinations regarding the topic it deals with.

The document contains a theoretical discussion on the nature of ethics, its relation to corporate governance and internal control, the legal and technical regulations on ethics in force in Costa Rica, as well as the features and scopes that can be used when undertaking an audit assignment aimed at assessing this important element of control environment within an institution, as well as at devising improvement opportunities.

(...) For practical purposes, the Guide is complemented by nine tools covering the preparation of the general audit program, the evaluation of each component of the institutional framework on ethical matters and the documentation and delivery of findings.(...)

Jorge Suárez, SAI Costa Rica²⁴

"A useful checklist for public-sector bodies carrying out such monitoring is provided by the OECD and consists of a series of questions and sub-questions:

- Are the basic principles and standards clear?*
- How is an ethical culture fostered?*
- Is there adequate oversight and accountability?*
- Is the public well informed?"*

Paolo Giusta, ECA²⁵

How SAIs can audit the design and implementation of the ethical framework of public bodies is still a challenge in the development of public audit.

But making progress into this largely uncharted territory through a different, even innovative, approach, is possible, and for that the TFA&E will

24 J. Suarez: "Technical Guidance for Conducting Audits of Institutional Ethics", full article is presented in Annex 2.

25 P. Giusta: "How to audit the ethical performance of a public body-a proposal" full article is presented in Annex 2.

continue to use the variety of knowledge and experience available in SAIs and expert authors and bodies.

3.2. Reporting

The audit report communicates the **results of the audit work** and for that reason it is one of the most important parts of the audit process. If written and communicated well, it can be a powerful tool for prompting management to corrective action. It is therefore a common challenge for all SAIs how to **present the results of the audit in the most effective and impactful manner**.

Ethics related audits conducted by SAIs replying to the TFA&E survey mainly included **recommendations as to improve integrity management**. Some of these recommendations were designed in a way that implies compliance with existing authorities. Recommendations mainly related to the following issues:

- Adapting procedures to best practices
- Promoting written ethical standards and/or signing declarations of adherence to written good practices
- Defining concrete policies/guidelines regarding areas of business or authorisation of expenses
- Strengthening integrity awareness among staff
- Establishing an effective communication of the use of soft controls as a means to increase the effectiveness of hard controls
- Promoting a culture of transparency regarding management practices
- Improving the quality of the information given to boards, management or the Parliament
- Comprehensively reviewing the internal control systems' performance and/or strengthening them to confirm compliance with key controls
- Complying with applicable codes or rules and reinforcing the ability of some bodies and departments to ensure that compliance

- Improving guidance in the area of disciplinary action
- Establishing legal obligations of information to public to increase transparency and prevent corruption with the help of the general public
- Avoiding conflicts of interest in procurement, namely by preventing the purchase of consulting advice from the same companies that are negotiating contracts
- Promoting and supporting awareness raising and training programmes
- Adopting strategic approaches to whistleblowing arrangements, clarifying responsibilities in those procedures, sharing the information collected and using it to identify trends, target areas of risks and learn lessons
- Promoting the inclusion of special conditions for contract execution, with the view of fostering equality of gender in what concerns the access to the labour market.

Reporting findings and recommendations of ethics related audits is to be done in the same way as in other SAIs' audits: either to the **Parliament**, directly to the **auditee**, to **public** or to **judiciary authorities**, according to the SAIs' position and mandate and to the results of the audit.

But when auditing ethics related issues, reporting can have special features, mainly when it comes to identifying those charged with unethical behaviour. 44% of the SAIs replying to the TFA&E survey disclose publicly that information, while 31% don't. The majority of SAIs that make the information public do it through websites and some of them use also press conferences.

In some cases, which can eventually be followed-up by other authorities through specific due procedures, **anonymity of individuals may have to be preserved**, while management recommendations must proceed.

When general assessments and recommendations on ethical public management are issued, **public reporting is quite important**.

In Chile reporting tools include the Chilean SAI's website „The Comptroller General and the Citizen“, which allows for online reporting, including the anonymity of the complainant outside the SAI, as well as follow-up information on the complaint.

“The INAO presented its findings to the Icelandic parliament and called for an open discussion on ethical issues and for the introduction of codes of conduct in the public administration. In 2003 the INAO didn't perform formal follow-up audits but the audit did without doubt have some impact on the discussion of ethical issues in the public sector.

Today civil servants not only rely on the aforementioned Government Employees Act but also on some new codes of conduct for public administration: Criteria for a code of conduct for civil servants (2006), Code of Conduct for Ministers (2011), Code of Conduct for Staff in the Government Offices of Iceland (May 2012) and Code of Conduct for Civil Servants (2013). Those codes should also give the INAO a more solid base for auditing ethical issues than the Office has had up till now.”

Thórir Óskarsson, SAI Iceland²⁶



²⁶ Th. Óskarsson: “Audit and Ethics – the Icelandic Experience”, full text is presented in Annex 2.

4. Impact and results

Ethics related audits are expected to **produce positive impacts in ethical management.**

“ (...) General and specific recommendations, if properly implemented, might bring significant improvement in the management of the conflict of interest situations, not only in selected agencies but in all EU institutions and decentralised bodies”

Igors Ludboržs, ECA²⁷

Recommendations given on the basis of the particular facts and findings of the audit, but also the simple fact that the audit was conducted, are able to produce the following types of **improvements in the public sector:**

- Since ethics is a relevant factor of risk assessment and element of the internal control environment of the organisation, the effectiveness of the control systems in place is expected to increase
- The establishment of the missing processes and/or relevant control activities is encouraged
- The set up and functioning of ethical infrastructures in public bodies is stimulated and improved
- Awareness of the importance of implementing and respecting ethical principles and values in public sector is increased
- Relevant training and education on ethics is stimulated
- A consistent application of the rules and regulations related to ethics and ethical behaviour is boosted
- Ethical behaviour and ethical decision making are enhanced

²⁷ I. Ludboržs: “Management of the conflict of interest situations”, full article is presented in Annex 2.

- Mechanisms for monitoring implementation of ethical principles are strengthened
- The number of breaches and irregularities may decrease
- Fraud and corruption is prevented

SAls identified, through the TFA&E survey, the following **outcomes of their ethics related audits and reports**:

- Raising of public awareness (89%)
- Change of management practices (84%)
- Increased public officials' accountability (75%)
- Amendments to legislation introduced (32%)
- Dismissal of public officials (32%)
- Sanctions applied to identified cases (16%)

**Annex 1 to the TFA&E paper
“Auditing Ethics in the public sector”**

**Results of the survey issued by the TFA&E to
EUROSAI Members in December 2012**

RESULTS OF THE TFA&E SURVEY

The TFA&E issued a survey to EUROSAI members in December 2012. This survey included questions related both to ethics within SAIs and to auditing ethics in public organisations.

32 replies from EUROSAI members (64% of membership) and 65 documents were collected.

A global report on the survey results is available in the TFA&E website (www.eurosai-tfae.tcontas.pt).

Main results about *Auditing Ethics* are included below.

Results for questions 1-25 are mentioned in the TFA&E paper “*Supporting SAI to enhance their ethical infrastructure – Part I: A general overview of SAI’s ethical strategies and practices*”.

This paper comprises results for questions 26-39, identifying existing practices on auditing ethics in public sector.

MAIN RESULTS

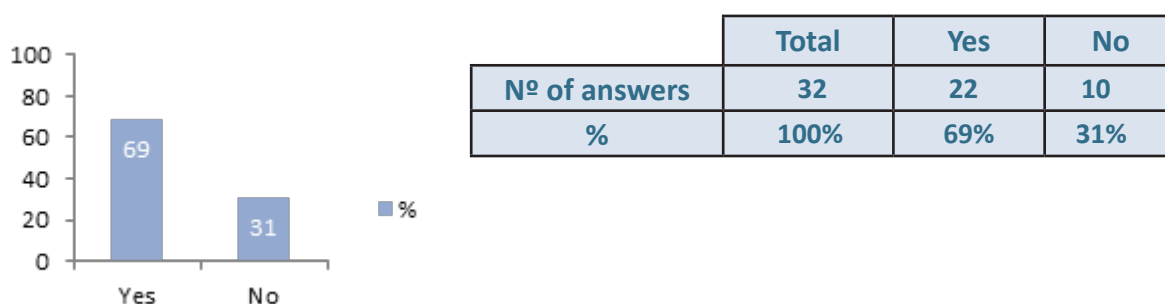
PART III: AUDITING ETHICS IN THE PUBLIC SECTOR

1. In the countries of the SAIs that replied to the survey, there are usually several institutions **assessing ethics related issues** other than SAIs, corresponding to a large variety of bodies and functions. These institutions and SAIs usually **cooperate** in controlling or preventing corruption and in raising awareness and promoting ethics in the public sector.
2. A significant majority of SAIs consider that they have the power to **audit ethics related issues**, even though their legal mandate does not specify that approach.
3. Some of the SAIs do assess ethics related issues **while dealing with financial, compliance and/or performance audits** but very few indicate that they perform **ethics' specific audits**.
4. SAIs mention that, while dealing with ethical related issues, they cover **transparency, integrity, fraud and prevention of corruption**, mainly in decision maker's behaviour and in procurement processes. **Raise public opinion's awareness and accountability and changes within management practices** are identified as the most relevant outcomes of SAIs audit activities in this area.
5. Just a few SAIs declare having specific guidelines or methodology for the assessment of ethics related issues. A majority of SAIs consider the **usefulness of EUROSAI to provide specific guidance on the assessment of ethics related issues**.
6. A majority of SAIs expressed their interest and readiness to **provide information and/or expertise in auditing ethics related issues to other SAIs**.

RESULTS BY QUESTION

AUDITING ETHICS IN THE PUBLIC SECTOR

Question 26: Is there any institution established in your country (apart from the SAI) aiming at dealing with ethical related issues:

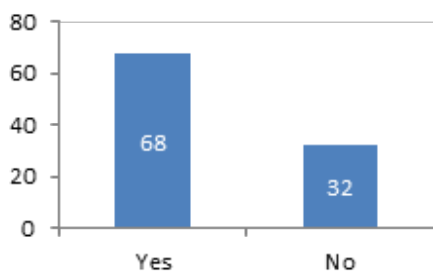


- Almost 70% of replying SAIs report the existence in their countries of other institutions, apart from the SAI, that deal with ethical related issues
- In these cases, the type of institutions is described as follows:

Type of institutions	Number of cases	% out of the total (32)
a) Independently control the compliance with ethical values and related law	14	44%
b) Internally control the compliance with ethical values and related law	11	34%
c) Coordinate all public ethical related issues	14	44%
d) Assist state agencies in mutual understanding of ethical environment in public sector	14	44%
e) Supervise proceedings in the implementation of ethical values and assuring alignment with codes	9	28%
f) Test and assess the functioning of established ethical frameworks	7	22%
g) Prepare reports on quality of services, considering the above	11	34%
h) Provide a report for the parliament	10	31%
i) Develop other related activities, specifically: -Ombudsman -State Attorney Office or specific public prosecutor -Ministries of the Government -Special governmental committee -Corruption Prevention or Combating bodies	6	19%

- One can conclude that there is a significant variety in the type of bodies dealing with public ethics, with a focus on independent controllers, coordination bodies or assistance providers
- 9 SAIs gave additional explanations related to the nature of institutions that have a role in controlling or supervising ethics in the public sector. It is obvious from those answers that practices differ from country to country, i.e. that activities related to implementation, promotion and monitoring of ethics in public sector are under the scope of different institutions_

Question 27: If you answered YES to any of the options of question 26, please indicate if there is adequate cooperation between your SAI and this (those) institution(s):



	Total	Yes	No	No Answer
Nº of SAIs	32	15	7	10
% in total	100%	47%	22%	31%
% among respondents to the question		68%	32%	

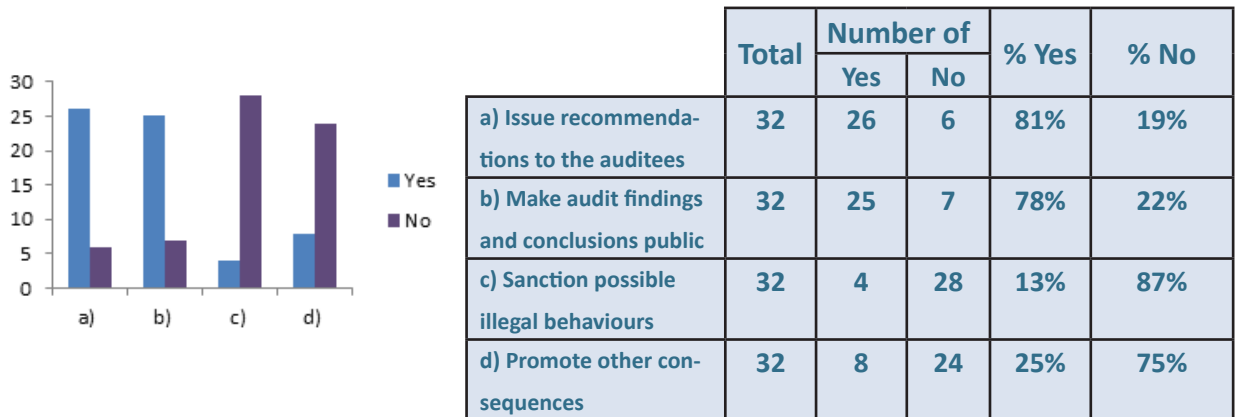
- Almost 70% of SAIs that answered this question state that adequate cooperation exists between them and institutions established for coordination, control and/or assessment of ethical conduct within the public sector.
- Those SAIs that gave negative answer, named either lack of mandate or assurance/protection of SAI's independence as the main reason.

Question 28: Does the mandate of you SAI provide it with the power to:

	Total	a)Auditing Ethics/ integrity as a global subject	b)Include ethi- cal issues within other audits	No	No answer
Nº of answers	32	15	12	2	3
% in total	100%	46,9%	37,5%	6,2%	9,4%
		84,4%		15,6%	

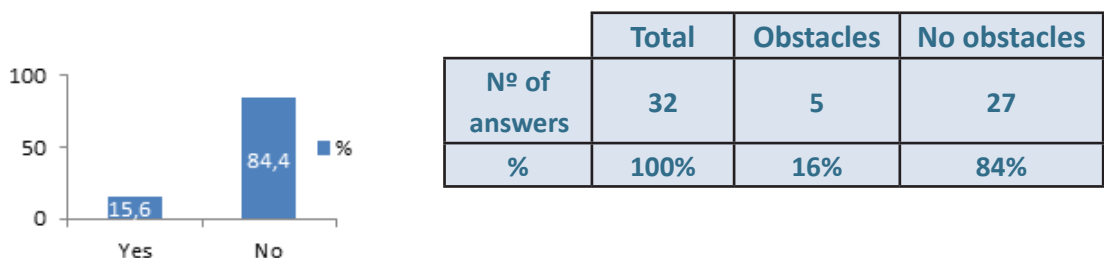
- More than 80% of SAIs that have answered the survey consider that, even though that may not be specifically mentioned in the regulations, their mandate provides them with a power to either audit ethics/integrity as a global subject or to include ethical issues within other audits.

Question 29: If your SAI is able to assess ethics related issues, please indicate if it is allowed to:



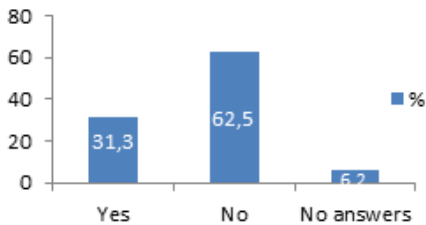
- From those SAIs that are able to assess ethics related issues, around 80% may issue recommendations to the auditees and publish their audit findings and conclusions
- 25% of them may promote other consequences, mostly by notifying other relevant institutions. Other possibilities are the presentation of results in conferences, publication in reference books, notification to the parliament and government, press releases, presentation on the relevant parliamentary committees, etc.
- 4 SAIs report the possibility of sanctioning illegal behaviours. 3 of the 4 SAIs that reported this possibility belong to the “court of auditors” model

Question 30: Please mention any possible obstacles for you SAI to audit certain bodies or policies that may be relevant for the issue under study:



- Only 16% of respondent SAIs answered that there are obstacles in auditing certain bodies or policies that may be relevant for the issue under study, and these obstacles are mostly of a legal nature (either lack of mandate or too narrow mandate).

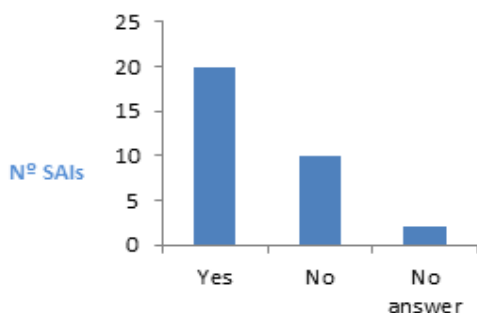
Question 31: Please indicate whether in the last 10 years your SAI has performed any audit or study specifically addressed to assess ethics/integrity in the public sector or any of its organisations



	Total	Yes	No	No answer
Nº of answers	32	10	20	2
%	100%	31,3%	62,5%	6,2%

- Only 31% of respondent SAIs reported that, in the last 10 years, they have performed audits or studies specifically addressed to assess ethics/integrity in the public sector or any of its organisations.
- Out of that:
 - 5 SAIs performed one such audit/study,
 - 1 SAI performed 2 such audits/studies,
 - 1 SAI performed 10 such audits/studies,
 - 3 SAIs didn't specify the number of audits/studies performed.
- One must notice that one of the SAIs that replied "No" to this question has later identified 3 performed ethics-related audits.

Question 32: In the last 10 years has your SAI included the assessment of ethics related issues (conflict of interest, management measures to promote honesty etc.) in financial audits, compliance audits or performance audits?

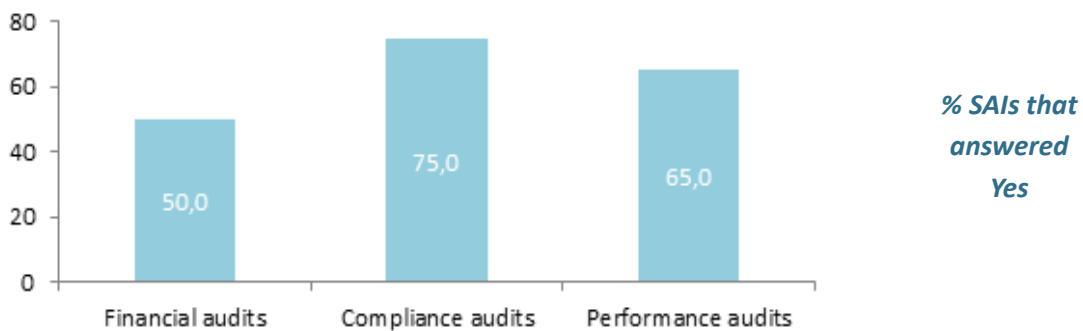


	Total	Yes	No	No answer
Nº of answers	32	20	10	2
%	100%	63%	31%	6%

The 20 SAIs that have answered “Yes” to this question reported having included the assessment of ethics related issues in financial, compliance or performance audits, as follows:

- More than 60% of respondent SAIs answered that in the last 10 years they included the assessment of ethics related issues in their audits:
 - Most of them (75%) in compliance audits
 - More than half of them (65%) in performance audits
 - Half of them (50%) in financial audits

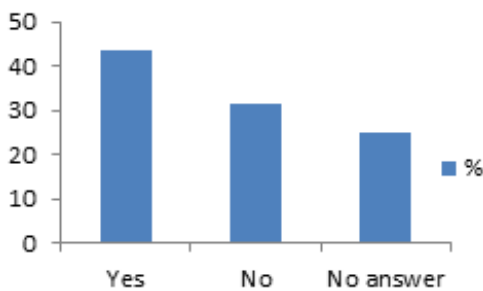
Question 33: Please list and detail the most important ethics related audits that your SAI has performed



A brief analysis of the answers given by SAIs to this question shows that:

- 50% of the 32 SAI that answered the survey indicated that they have performed ethics related audits and/or have developed studies on related issues. The remaining 50% indicated no audits or studies.
- Most of the actions were performed as compliance audits or approaches to issues related with conflicts of interests, integrity or transparency within broader audits.
- Those issues were analysed against the law, regulations or codes of ethics and often in the scope of the assessment of the internal control systems.
- Some of the cases relate to audits performed within procurement processes and tackle transparency, integrity and conflicts of interest and/or misuse of public money.

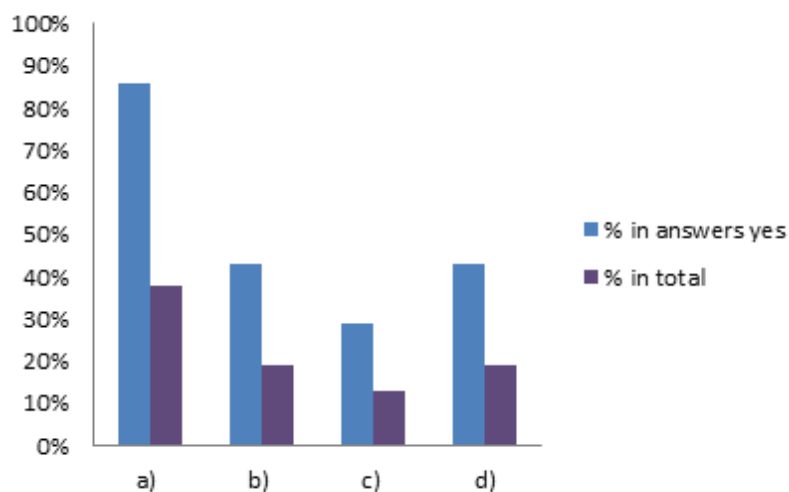
Question 34: In the case of audits performed, was the identification of those charged with unethical behaviour made public?



	Total	Yes	No	No answer
Nº of answers	32	14	10	8
%	100%	44%	31%	25%

- Less than 50% of respondent SAIs answered that, in the case of audits performed, they identified publicly those who were charged with unethical behaviour.
- The Table and graphic below shows the forms SAIs choose to identify and make public those charged.

	a) By publishing reports on the SAIs website	b) By publishing reports on parliament's website	c) By presenting reports in press conferences	d) Other
Number of answers	12	6	4	6
% in answers Yes	86%	43%	29%	43%
%in total (32)	38%	19%	13%	19%



- When publishing the identity of those charged with unethical behavior, the majority of SAIs do it by publishing their audit reports on their websites

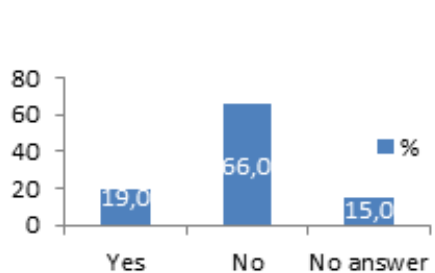
Question 35: Identify the most relevant outcomes of ethical related reports issued by your SAI

Only 19 out of 32 SAIs answered this question, identifying outcomes of ethics related audits. These SAIs identified 3/4 outcomes in average, in the following way:

	a) Changes in the management practices	b) New legislation	c) Amendments to legislation	d) Raise of public opinion's awareness	e) Accountability of public officials	f) Dismissal of public officials	g) Sanctions being applied	h) Other
Nº of answers	16	5	6	17	14	6	3	0
% in answers Yes (19)	84%	26%	32%	89%	74%	32%	16%	0%
% in total (32)	50%	16%	19%	53%	44%	19%	9%	0%

The SAIs that answered this question clearly indicate raise of public opinion's awareness, accountability and changes within management practices as the most relevant outcomes of SAIs audit activities in this area

Question 36: Are there any (other) ethics related issues that you consider important for a SAI to cover in its audit work? If yes, please name them:

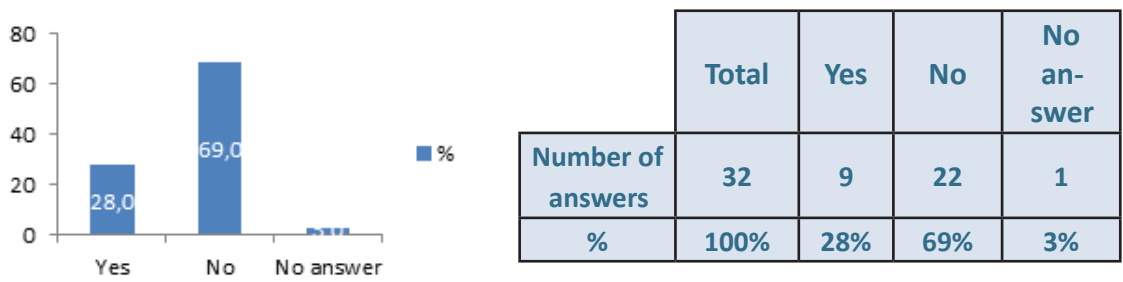


	Total	Yes	No	No answer
Nº of answers	32	6	21	5
%	100%	19%	66%	15%

- Although only 19% of respondent SAIs considers that there are ethics related issues not yet mentioned important enough to be covered in the audits, those SAIs specify several themes as follows:
 - Assessment of the completeness of the ethics infrastructure within the public sector
 - Public procurement

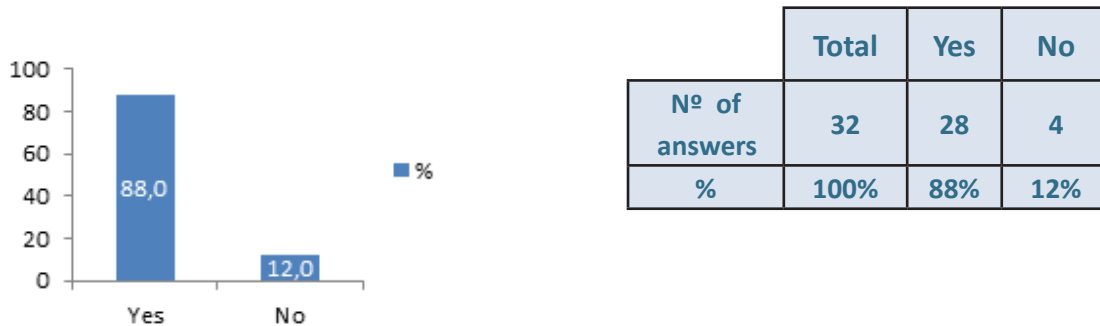
- Recruitment
- Misuse of public resources
- Risk management
- Transparency and reporting to deliver effective accountability
- Evaluation of outputs, economic, social and environmental benefits
- Optimisation of public resources
- Contribution to development of organisational capacities
- Segregation of duties
- Diversity management
- Whistleblowing policy and procedures
- Management policies and procedures

Question 37. Has your SAI developed its own guidelines and/or methodologies on auditing ethics related issues in public sector?



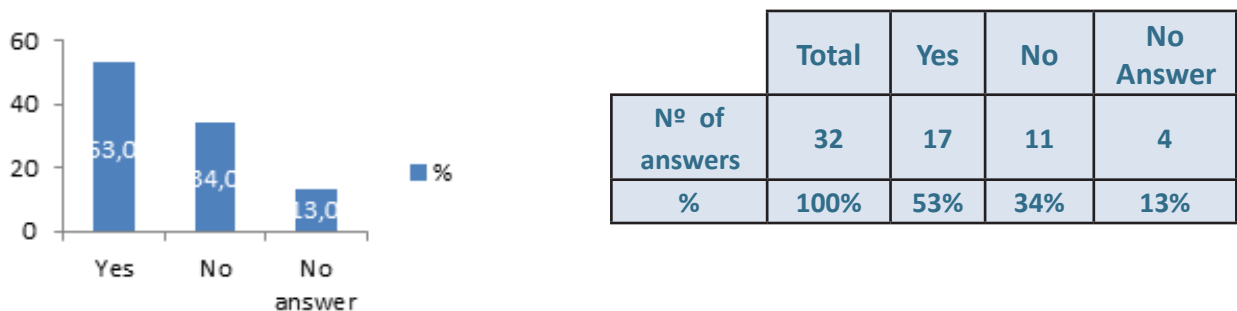
- Around 30% of SAIs answering the survey informed that they have developed their own tools on auditing ethics related issues within the public sector. Tools used by these SAIs are:
 - Specific audit manual with ethical issues included
 - Specific audit programmes
 - Specific methods
 - Specific glossary
 - Specific questionnaire on ethics issues
 - Propriety checklists
 - SAINT as a way to analyse integrity policies
 - Specific guidelines on the prevention and detection of fraud

Question 38: Would you see it beneficial to draft EUROSAI guidelines and sample checklists for auditing the ethical framework in public sector?



- Almost 90% of respondent SAIs answered that they see it beneficial to draft EUROSAI guidelines and sample checklists for auditing ethical framework in public sector.

Question 39: Would your SAI be interested to provide information and/or expertise in auditing ethics related issues to other SAIs?



- More than 50% of respondent SAIs expressed their interest and readiness to provide information and/or expertise in auditing ethics related issues to other SAIs. These SAIs are willing to:
 - Share documents through website (15 SAIs)
 - Send documents upon request (12 SAIs)
 - Give speeches and/or present case studies in seminars/workshops (9 SAIs)
 - Moderate sessions in seminars/workshops (5 SAIs)
 - Organise training for interested SAIs (2 SAIs)
 - Other possible ways (2 SAIs)

**Annex 2 to the TFA&E paper
“Auditing Ethics in the public sector”**

Articles

C. Demmke:	Organisational performance and auditing ethics
J. Bértok:	The integrity agenda: lessons from OECD countries
P. Costa:	Auditing conflict of interests (results of a YES workshop)
Th. Óskarsson:	Audit and ethics – the Icelandic experience
P. Roland:	Audit of the integrity policy in federal Tax Departments – problems concerning the code of conduct
I. Ludboržs:	Management of the conflict of interest situations
A. Materljan:	Efficiency of the ethical infrastructure functioning in the government bodies – the Croatian experience
G. Pulay:	Integrity: a project to strengthen the integrity based administrative culture in Hungary
G. Ramos:	State owned enterprises and corporate governance principles
B. Goldman,	State audit concerning ethics related issues – the Israel experience
N. Avraham:	
P. Giusta:	How to audit the ethical performance of a public body – a proposal
J.R. de Sousa Filho:	Audit of ethics: an appointment in the SAIs schedule for the twenty-first century
L. Strijker:	Assessment INTegrity (AINT)
J. Suarez:	Technical guidance for conducting audits of institutional ethics
M. Muñoz Gutierrez:	Supreme Audit Institutions’ toolbox for corruption control - systematisation of OLACEFS’ experiences

Organisational performance and auditing ethics

By *Prof. Dr. Christoph Demmke*, external expert

Over the last two decades, the EU Member States have invested considerable resources in setting ethical standards, as evidenced by the proliferation of ethics codes. The trend has been towards an increase in the number of rules and standards, as well as the number of issues that are recognised as unethical behaviour. On the other hand, most countries and organisations have invested very little in the evaluation of ethics policies' effectiveness as regards the development of ethical behaviour, costs of unethical behaviour, (unintentional) side effects of ethics policies and the added value of ethics in terms of organisational quality and efficiency.

In most countries ethics policies operate in a climate of increasing levels of distrust (higher distrust towards politicians than civil servants). Therefore, the Member States are under pressure to intensify their efforts in the field of ethics to improve public trust.

It is clear is that doing less would probably decrease the trust levels even further, but doing more, on the other hand, would not necessarily improve public trust.

Ethics policies are mostly scandal-driven. They emerge, flourish, are reformed and expanded as a result of scandals and media attention. Hence, some issues such as corruption and fraud attract a lot of media and political interest, whereas others are not discussed publically to the same extent (e.g., mobbing and disrespect for core values). The fact that ethics policies are often scandal-driven results in the conception of symbolic policies, which at best lead to the adoption of new regulations.

However, more Member States are more eager to invest in ethics surveys which measure the perception of the ethical climate. Therefore, an emerging focus is less on the adoption of new policies, but on the implementation, enforcement and evaluation of policies. The latter includes auditing policies in the field of ethics.

At present, most institutional structures are still weak. To date, the Member States are still particularly active in the institutionalisation of anti-corruption policies and conflicts of interest policies but much less in other ethics-related policies.

Overall, institutional structures differ a lot from country to country and are highly fragmented. As regards corruption and conflicts of interest policies, one can observe a trend towards the creation of specialised bodies tasked with investigating conflicts of interest and corruption in the national public services. Ideally, these bodies should be independent. Only a few Member States provide for centralised and integrated institutional structures in the field of ethics.

However, also the institutionalisation of ethics is about to change. Most governments are increasingly in search for an evidence-base to build policies on. Educational performance is compared based on comparative data collected through standardised tests. In health policies, standardised registration systems – the so-called Diagnosis Related Groups - strengthen the evidence base. Economic policies are supported by the

increasingly sophisticated practices of national accounting. Just to name a few examples. The financial crisis demonstrated the need for well-functioning, solid administrative capacity to regulate society. Yet, because of the fiscal and sovereign debt crisis that followed from the financial crisis, governments will have to do this with fewer resources. A good evidence base of what works is crucial in this endeavour (OECD, 2012).

This trend towards more evidence based policies is also taking place in the field of ethics. Consequently, more efforts to institutionalise ethics can be seen in the link between ethics and auditing. Until today, auditors rarely examined the entire ethical framework. In most cases, they focus on a number of (limited) issues.

Clear evidence is still lacking but more surveys and studies show that a strong ethical climate and organisational fairness/justice is associated with the values of efficiency, effectiveness, quality, trust and cooperation. A good ethical climate is also positively linked to organisational performance. Thus, efficiency and effectiveness is reinforced by a strong ethical climate.

In the context of the financial crisis, there is a growing interest in public sector innovation, quality management, the need to enhance organisational performance, efficiency and good governance. The search for causal links between ethics and business performance is also starting to influence the academic and practitioner debate.

If an unambiguous causal connection can be established between organisational performance and ethics, then this will have significant and positive implications for the justification of auditing ethics.

While evidence mounts that ethics are related to organisational performance, significant methodological and theoretical challenges still exist. Methodologically, there is no consensus regarding which practices constitute a theoretically complete set of ethics policies, how to conceptually categorise these practices; the definition of performance, the appropriate level of analysis; or how ethics is to be measured. Theoretically, still no consensus exists regarding the mechanism by which ethics might impact on outcomes.

Therefore, ethics audit is still not a widely implemented instrument. Often, auditors will have to justify why audits should be extended to the field of ethics as many national laws do not provide for audits in the field.

Other reasons are relatively straightforward

- Ethics audits can be threatening if presented as an instrument to root out wrongdoing.
- Ethics audits are often used as symbolic measures and have no consequences.
- Most managers/leaders react by saying that they are ethical and work in an ethical organisation anyway.
- Auditing ethics can be seen as challenging, complex, take time and are costly – in times of growing financial constraints.
- Often, managers and employees are afraid that ethical audits are not handled in a confidential way and that privacy rights will be touched.
- There are few experts in the field. From here the risk that external consultants do the job but who are not fully qualified to do this sensitive task.
- Often, ethics audits face the dilemma of measuring the immeasurable. Alternatively, audits have only limited effects if they measure only what is measurable.

- One important question is also to know whether internal self-regulation audits can be effective or, whether external, independent audits should be carried out. External audits have a stronger legitimising function but there is no reason why a successful audit cannot be completed internally. Here, all depends on the maturity of the organisation.

Despite the “weak tradition of auditing ethics”, ethics and auditing will become a normal feature in auditing organisations in the future.

Awareness is clearly increasing that an ethical culture, ethical leadership, organisational fairness and ethical organisations are more efficient and effective and that there are higher levels of trust amongst employees and employers. Increasingly, ethics are also linked to the discussions on Good Governance and to studies on public performance.

Thus, there is no doubt that there is a growing interest in audits and it is likely that this will further increase. More organisations are beginning to develop their (own) health checks for ethics by the way of introducing ethics culture surveys.

In any case, ethics audits should be straightforward, simple and concentrate on the essential issues. Otherwise, ethical audits just become another example of performance measurement and accountability gone mad and becoming ever more costly and bureaucratic.

However, more efforts must be invested measuring ethics and linking ethics to organisational performance. Here, many difficulties still exist as regards a number of questions:

For example, how to measure the effects of ethical leadership? Other key challenges come from elsewhere. A key challenge for auditors is to collect evidence on progress made considering that misconduct is by nature a hidden phenomenon. Outcome measures of integrity practices could be more quantitative but these are (i) extremely hard to come by because of the challenges of measuring corruption (e.g. they are covert) and (ii) because of possible misinterpretations of that outcome data (e.g. measuring for instance number of overturned contracts or people fired/suspended for corruption means not necessarily more corruption but actually stronger mechanisms for identifying it.) (OECD, 2012)

Therefore in this context the perspective of public employees can be particularly valuable to measure the performance of integrity frameworks. Employees can also report on their direct experiences with breaches to integrity, which helps organisations understand their vulnerability to specific individual and organisational risks. This perception can be used alongside other outcome measures that are quantitative to gain a more accurate view of performance of governments in instilling and implementing good integrity practices in the public sector (OECD, 2012).

Still, in the academic field, there is still a lot of work to do in order to harden evidence as regards the link between government performance, organisational performance and individual performance and ethics.

But it seems only a matter of time: time will come when linking ethics to audits et vice versa will become a normal feature of monitoring and evaluating public policies.

The integrity agenda: lessons from OECD countries

By János Bertók, Head of Public Sector Integrity Division, OECD



Supreme Audit Institutions evolve facing the deep impacts of crisis

Given the governance failures that contributed to the financial crisis and against a background of continuing economic and social uncertainty, Governments have been facing a challenge to rebuild trust in public institutions. Restoring trust in the ability of governments to regulate markets, manage public finances and deliver the services that citizens expect is a key element of a return to sustainable and inclusive growth.

Supreme Audit Institutions are evolving to meet the challenges and opportunities presented by the increasingly complex policy environment. This requires that Supreme Audit Institutions take an introspective review of their institutions' own capabilities and performance, in view of broader public sector modernisation and reforms if they want to remain a relevant source of objective and credible information for supporting structural reforms and a model institution for accountability expected in the 21st century.

The current policy environment presents new opportunities for Supreme Audit Institutions to support a more strategic and forward-looking state. Many Supreme Audit Institutions have undertaken ambitious initiatives for institutional strengthening, capacity development, transparency and citizen participation in order to expand the relevance and impact of their work.

Internal reforms, in particular the introduction of strategic planning, increasing the professional capacity of workforce to develop new products and services in order to meet the evolving demands of policymakers and society at large, however are not sufficient to become an exemplary institution if these reforms are not complemented with high standards of integrity and transparency in their daily operations.

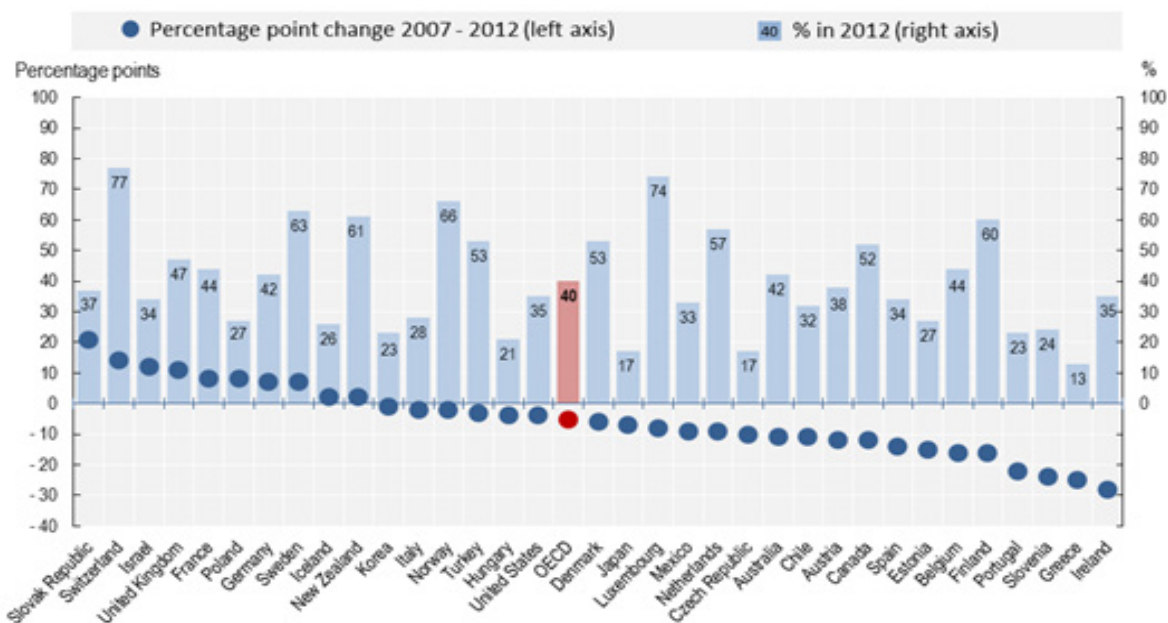
Supreme Audit Institutions are expected to build the set of core integrity tools and measures – including code of ethics, training and advice – into a coherent Integrity framework. The role of Supreme Audit Institutions has also been evolving to audit the existence and functioning of the Integrity framework in public organisations.

Integrity, Transparency and fairness: Conditions for restoring trust in government

Trust has received higher political attention over the last few years as levels of trust have plummeted in majority of countries. Citizens pay greater attention to whether the sacrifices for structural adjustment and benefits are fairly shared within the society. For example, on average four out of ten people expressed confidence in government in OECD countries by 2012 (Figure 1). Citizens trust less their democratic representatives and political parties. “Wrong incentives driving policies” and “corruption and fraud” are key factors for trusting government less²⁸ (Figure 2).

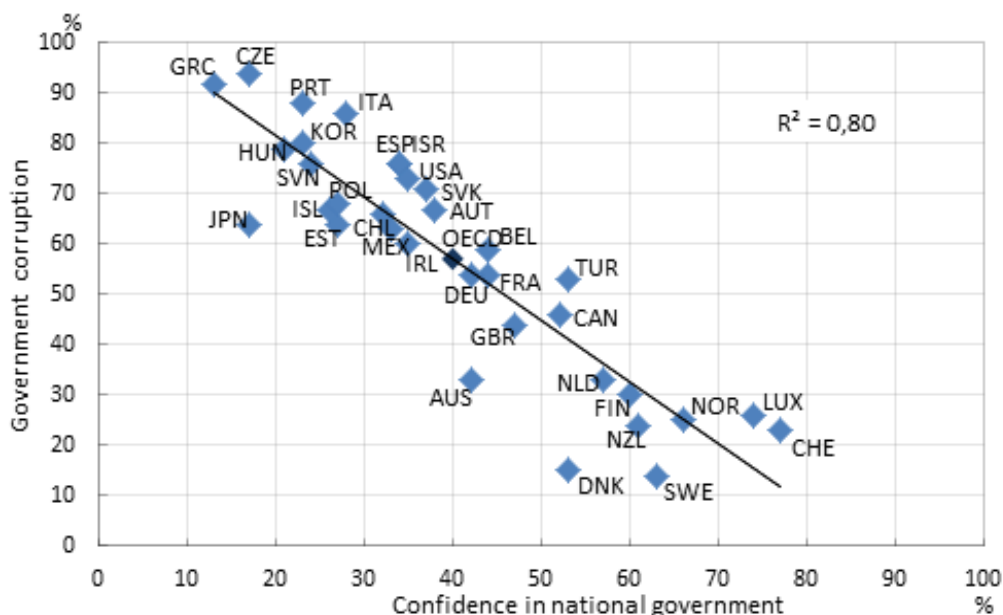
²⁸ Edelman (2013), Edelman Trust Barometer in 26 countries

Figure 1. Trust in government in OECD countries in 2007 and 2012



Source: OECD (2013), Government at a Glance 2013, OECD Publishing, doi: 10.1787/gov_glance-2013-en, based on Gallup World Poll (database).

Figure 2. Correlation between confidence in national government and perception of government corruption (2012)

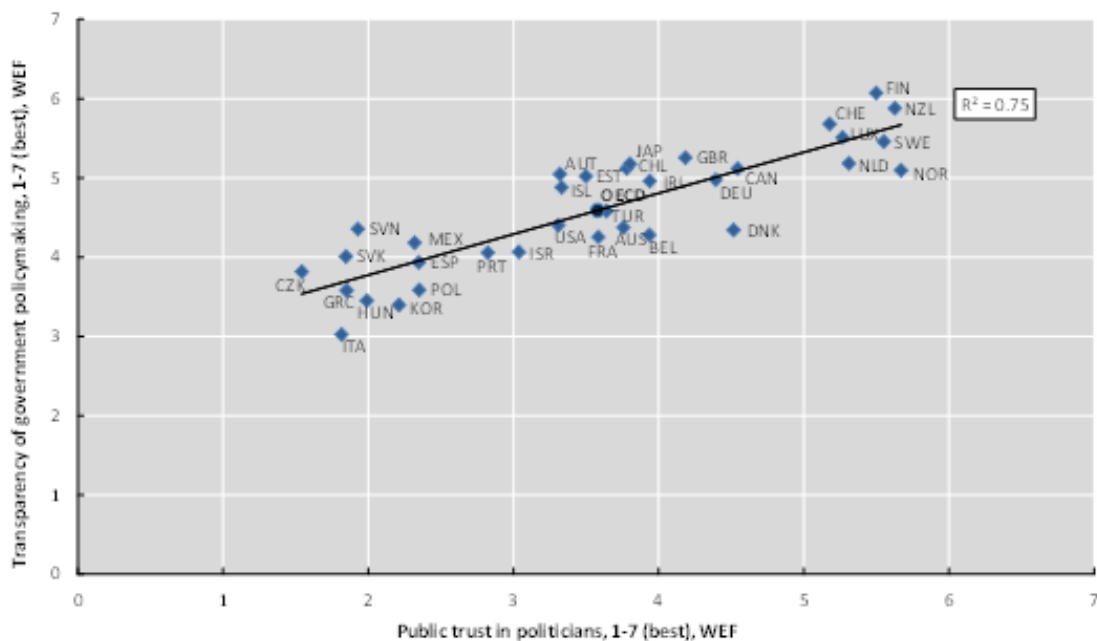


Source: OECD (2013), Government at a Glance 2013, OECD Publishing. doi: 10.1787/gov_glance-2013-en (see Figure1.10, based on data from Gallup World Poll 2012)

Waning trust in government compromises the willingness of citizens and enterprises to respond to public policies and questions the ability of the State as a competent steward of the public interest. Trust in decision makers and policy options influences positively individual and collective behaviour, facilitates policy implementation and strengthens confidence in the economy. As governments are undertaking a series of critical reforms, they need to secure the buy-in of citizens. Structural reforms require to be built on trust to be successful.

Supreme Audit Institutions have a crucial role in supporting more open and effective government institutions and also in meeting citizens' expectations of governments, providing assurances that the decision-making processes effectively pursue the public interest and are protected from undue influence. An increasingly common recognition is to review risks to integrity of government decision making and audit how existing instruments, for example for identifying and managing conflict of interest, function in daily practice. Altogether, available data suggest that critical levers for building trust in decision making are integrity, transparency (Figure 3) and leadership.

Figure 3. Correlation between public trust in politicians and transparency in government policymaking (2013)



Source: World Economic Forum – Global Competitiveness Report (2013-2014)

Building a sound Integrity Framework: lessons learned

Integrity, transparency and accountability are cornerstones of good governance and levers for restoring trust in government. However, building a culture of integrity and addressing corruption as a complex problem ultimately requires a comprehensive approach that effectively combines prevention detection and prosecution.

The OECD has been supporting countries in building evidence-based regulatory and institutional frameworks to build a culture of integrity in the public sector.

Governments bear a heavy responsibility for upholding core values and safeguarding the public interest. This responsibility, however, is shared with other actors, in particular Supreme Audit Institutions and stakeholders. The OECD provides a platform to engage relevant actors in state institutions, the private sector and the society at large.

This article highlights some lessons learned from country experiences in building a sound Integrity Framework that could support Supreme Audit Institutions' efforts in fostering a culture of integrity:

- **Set the basics right with redefining core values:** the evolution of core public service values in the past decades shows how integrity, honesty and transparency have reached similar status as impartiality and legality, the traditional core values. For example, transparency is even recognised in several constitutions.
- **A range of tools and measures needed for putting values into effect:** Corruption is a complex phenomenon and experience in various country contexts shows that no single measure can provide effective response. However, bringing distinct measures of prevention, detection, prosecution and sanction into a coherent system remains a constant challenge that decision-makers face in building resistance to corruption and a culture of integrity in both the public sector and business:
- **Core integrity tools and measures** include, in particular codes of conduct; conflict-of-interest rules; asset disclosure requirements; gifts and gratuities policy; post-employment measures; reporting channels and protection for whistle-blowers; integrity training and accessible advice and counselling, etc.
- **Supporting public management processes** are in particular the internal financial controls, including cash, asset and debt management; human resource management, including recruitment, evaluation and career progression; performance management, including quality control processes and external evaluations; public procurement, including pre-tendering, bidding, contract management and payment; internal and external audit, including the monitoring and follow up of recommendations, etc.
- **Integrity actors**, including ethics advisors, managers, anti-corruption agencies to support the **implementation and co-ordination of integrity tools and measures**.
- **Streamline integrity in management:** understanding the sources of corruption and misconduct has been an increasing demand by decision makers. Effective risk mapping and mitigation requires not only data and analysis but also leadership commitment to provide incentives and resources to apply them. For example, include integrity in training or performance management that is a mostly mandatory tool in OECD countries.
- **Implementation is the test:** many countries and public organisations face an implementation gap. For example, providing timely advice when officials really need them (e.g. facing integrity dilemmas) or verifying the accuracy of asset disclosures (e.g. not only whether the forms were submitted but also review whether all required information was provided and accurate).
- **Visible success of passing laws – experience affects understanding and behaviour:** Achieving a change in behaviour and building a culture of integrity needs constant and not ad hoc efforts. Focus on prevention – for example through mapping out evolving risks – helps closing the sources of corruption and misconduct and build confidence in distinct tools and measures. Checklists and self-tests, for example on gifts and benefits could help officials apply the rules and policies in specific situation. Another example is the timely investigation of misconduct reported and effective protection for a whistle-blower that could increase the confidence in the reporting process.

- **Transparency is the rule:** for example in asset declarations ‘the higher the position, the more transparency’ is applied.
- **Assessment of implementation and impact,** in particular by internal control and external audit, supports a better understanding of actual functioning of integrity measures and intervention to strengthen or update the Integrity Framework.

Experience shows that no single actor can achieve alone a sound Integrity Framework.

Supreme Audit Institutions clearly play a role, in particular by setting an example for high standards of professionalism, integrity and transparency in their operations. However, they are more and more also expected to verify the functioning of Integrity Framework in public organisations, if they want to fulfil their mandate.

Auditing conflicts of interests: results of the YES workshop

By Paulo Costa, Tribunal de Contas, Portugal

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Paulo Costa, from the portuguese SAI and representing the EUROSAI TFA&E, moderated a workshop in the Young EUROSAI Congress (YES), organised and hosted by the Netherlands Court of Audit in Rotterdam. This workshop was held on 21 November 2014.

The objective of the workshop was to explore and collect ideas on the **challenges of auditing ethics related issues**.

17 young auditors participated in this workshop (13 from European Supreme Audit Institutions and 4 from ARABOSAI), providing their views on this subject.

Following introduction, participants were invited to explore how to audit one of following topics: *“Conflict of Interests”*; *“Revolving Doors”* or *“Ethical Leadership”*. *“Conflict of Interests”* was chosen by them as the favourite theme to audit.

Through an interactive approach, auditors were asked to answer the following questions.

Why should a SAI conduct an audit on conflicts of interests?

Auditors were asked to list arguments as to convince the President/Auditor General of their SAI on the importance of conducting an audit on conflict of interests in the public sector organisations.

The main reasons why participants found it important to conduct such an audit were:

- Auditing Conflicts of Interests would promote transparency, accountability and value for money
- This audit would have preventive effects and would enhance audit as a preventive tool
- Auditing this subject would have a significant social impact, promoting public trust
- Conflicts of Interests represent a high risk of asset-lost and, thus, it is important to audit them
- Auditing Conflicts of Interests would be a relevant issue specially in the field of public procurement

How should a SAI perform the audit on Conflicts of Interests?

Organised in different groups, auditors were then asked to draft the scope of the audit and the audit criteria. They were requested to define up to 3 audit questions and the adequate audit criteria.

From the several groups' answers, the following audit questions were raised as possible and relevant:

- Does the public organisation pay attention to conflicts of interests (conduct a risk analysis)?
- Does the public organisation have an ethics policy and how is it implemented? Is there any general

act or specific legal rules about ethics? Are those rules effective?

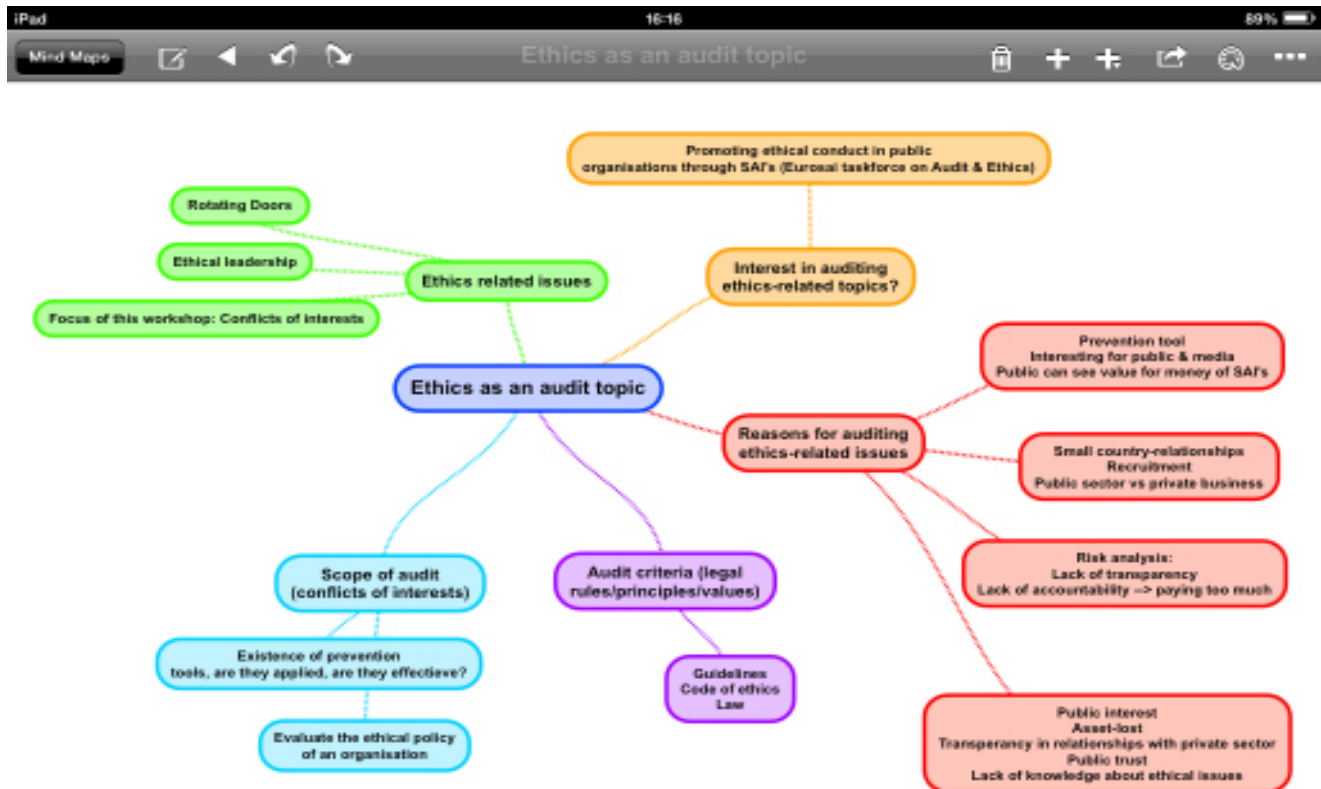
- Does the public organisation have prevention tools to avoid Conflicts of Interests? Are those tools applied?
- Are there cases of nepotism or favouritism?
- What is the impact of Conflicts of Interests on public funds?

In what concerns the audit criteria, the participants considered that they would have to compare with:

- Legal Rules
- Codes of Ethics
- Ethics Guidelines

In the end, auditors found it important, for SAI and for citizens, to audit ethics related issues, at the same time that they found it possible and meaningful.

Mindmap of the Workshop



Audit and ethics: the Icelandic experience

By Þórir Óskarsson

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RÍKISENDURSKOÐUN
THE ICELANDIC NATIONAL AUDIT OFFICE

The National Audit Act (No. 86/1997) doesn't specify ethical issues as one of the Icelandic National Audit Office's (INAO) principal tasks. Such issues can, however, both be a part of compliance and performance auditing. The report *Codes of Conduct in Public Administration* (2003) is so far INAO's only audit with ethics as its primary objective.

In 2003 the Government Employees Act (No. 70/1996) was the only formal ethical guideline for civil servants in Iceland, and its article dealing with ethics was very limited, only a few sentences. However, there was a growing interest in developing a code of conduct for the whole public sector and individual public bodies. In 2003 the INAO did approve and publish its own *Code of Ethics*, based on ISSAI 30.

The INAO's goal with the audit *Codes of Conduct in Public Administration* was twofold. On the one hand, the Office wanted to raise awareness of ethics and ethical issues in the public sector in Iceland in order to enhance good governance. On the other hand, the Office wanted to evaluate and describe the ethical infrastructure of public bodies, e.g. the scope of codes of conduct, the views of managers towards a number of selected ethical criteria and their experiences regarding the use of codes of conduct. The audit was based on a questionnaire survey among managers of 204 public bodies. The response rate was 80%. The audit also made comparison with codes of conduct for public administration in two western countries (UK and USA) and OECD's survey on ethics measures in OECD countries.

Among the audit's main findings were that only 15% of Icelandic public bodies had already established a code of conduct in 2003, about 40% were planning to establish a code of conduct and another 40% were waiting for a general code of conduct for civil servants or didn't see the need for such code.

The questionnaire also showed that respondents considered legitimacy, services benefiting the public, honesty, expertise and impartiality to be the most important ethical values for the public sector. These values were in good line with those in the countries the INAO selected for comparison.

In most cases managers were involved in establishing and implementing codes of conduct and in general managers were also responsible for monitoring compliance with the codes. Most bodies reacted to unethical behavior of an employee with an informal reprimand. About 41% of those that had already established a code of conduct claimed that consequently work procedures had improved as employees were more conscious of their role and obligations and of following appropriate procedures.

The INAO presented its findings to the Icelandic parliament and called for an open discussion on ethical issues and for the introduction of codes of conduct in the public administration. In 2003 the INAO didn't perform formal follow-up audits but the audit did without doubt have some impact on the discussion of ethical issues in the public sector. Today civil servants not only rely on the aforementioned Government Employees Act but also on some new codes of conduct for public administration: *Criteria for a code of conduct for civil servants* (2006), *Code of Conduct for Ministers* (2011), *Code of Conduct for Staff in the Government Offices of Iceland* (May 2012) and *Code of Conduct for Civil Servants* (2013). Those codes should also give the INAO a more solid base for auditing ethical issues than the Office has had up till now.

Audit on the integrity policy in federal tax departments: problems concerning the code of conduct

By Philippe Roland, Senior President, SAI of Belgium

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In 2011, the Belgian Court of Audit issued a review of how the integrity policy was being carried out in the tax services of the federal Department of Finance²⁹. This service had been chosen because it presents a particular risk both for control purposes and tax collection.

The integrity policy has been addressed in its various aspects: the *prevention*, the *identification* and the *rectification* of integrity breaches. An essential component of prevention, which has been emphasised in the audit, is the determination of integrity standards: the authority must define the values of the organisation and specify the behavioural expectations on the part of its staff members. This benchmark – in the form of a code of conduct or any other related standard - may be used as a basis for the other elements of the integrity policy.

In this respect, the main objective of the audit was therefore to ascertain the existence of such a benchmark, which not only sets the values of the organisation but also transposes them into specific operational standards in order to cover the specific risks faced by the organisation in its tax collection and inspection activities. Indeed, very concrete questions may arise about the appropriateness of some behaviours of the staff towards a taxpayer or his representative (with regard to gift items or invitations, for example). The management has to rule on the lawfulness of such behaviours.

All federal departments are subject to an ethical framework (*Cadre déontologique*) in the form of a circular, which has been published on 17 August 2007³⁰ and details the common values and rules of conduct imposed on all civil servants. The aim of this ethical framework is to raise awareness among civil servants regarding particularly the values of respect, impartiality, professionalism and loyalty; it outlines the behavioural expectations related to these four core values. However, due to the variety of the mission types assigned to federal civil servants, the ethical framework further suggested that each Minister or State Secretary should lay down additional rules of conduct that would specifically be applicable in their departments. The particular risks encountered in the tax departments required the enactment of additional rules.

The review of the Court of Audit revealed that there was still no code of conduct in the federal Department of Finance, but that such a code was in the pipeline for several months. An Ethical Framework Guide (Guide du cadre déontologique³¹) has been published after the completion of the audit in March 2013. As the title indicates, it is a set of guidelines aimed at enforcing the provisions of the federal ethical framework in this particular organisation. As advocated by the Court of Audit, the guide contains standards of conduct that are tailored to the tasks performed by the tax officials: parts of the document make reference to gifts and donations, invitations to events, receptions and meals, as well as to potential conflicts of interest. Since the guide was published after the completion of the audit, the Court has not had the opportunity to assess how far staff members adhere to it.

²⁹ Politique de l'intégrité dans les administrations fiscales fédérales (Integrity policy in federal tax departments), 20 June 2012 (A French version of this document can be viewed at: https://www.ccrek.be/docs/2012_26_PolitiqueIntegrite.pdf).

³⁰ Published in the Belgian Official Gazette of 27 August 2007 (French version available at: [http://www.ejustice.just.fgov.be/cgi_loi/loi_a1.pl?language=fr&la=F&cn=2007081731&table_name=loi&&caller=list&F&fromtab=loi&tri=dd+AS+RANK&rech=1&numero=1&sql=\(text+contains+\(\"\)\)](http://www.ejustice.just.fgov.be/cgi_loi/loi_a1.pl?language=fr&la=F&cn=2007081731&table_name=loi&&caller=list&F&fromtab=loi&tri=dd+AS+RANK&rech=1&numero=1&sql=(text+contains+(\)).

³¹ A French version of this document can be found at: http://finances.belgium.be/fr/binaries/guide-deontologie-version-imprimable_tcm307-235909.pdf.

Management of the conflict of interests situations

By Dr Igors LUDBORŽS,

Member of the European Court of Auditors

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“General and specific recommendations, if properly implemented, might bring significant improvement in the Management of the conflict of interest situations, not only in selected agencies but in all EU institutions and decentralised bodies”³²

Introduction

Conflict of interest situations can occur almost in any workplace at any time. Organisations concerned must either eliminate the risks or ensure that procedures are in place to manage the risks effectively. The risks and consequences of poor management of conflict of interest situations are significant especially in highly specialised organisations where expertise is frequently in limited supply and revolves between public and private bodies. If these situations are not handled correctly they can negatively affect the decision-making process, give rise to scandals and rapidly cause reputational damage.

In recent years a number of alleged cases pertaining to conflict of interest involving certain EU Agencies have been reported in the press and have raised concerns within the European Parliament. In 2011 the European Parliament requested the Court to ‘undertake a comprehensive analysis of the agencies’ approach to the management of situations where there are potential conflicts of interest’³³.

In our audit³⁴, the European Court of Auditors (ECA) evaluated policies and procedures for the management of conflict of interest situations for four selected European Union Agencies which make vital decisions affecting the safety and health of consumers; the European Aviation Safety Agency (EASA), European Chemicals Agency (ECHA), European Food Safety Agency (EFSA) and the European Medicines Agency (EMA).

General findings

The Court found that there is no comprehensive EU regulatory framework dedicated to conflict of interest which would ensure comparable minimum requirements on independence and transparency applicable to all EU Agencies and to all key players that influence strategy, operations and decision-making.

In addition, ECA found that there was a need to establish a reference framework for minimum requirements on, for example, independence and transparency for key players.

Specific findings

The Court found the following shortcomings to varying degrees in some or all of the agencies concerned which were related to Agency-specific policies and procedures as well as their implementation:

³² Statement by Dr Igors Ludboržs, on the publication of Special Report 15/2012 (ECA Press Release, 11 October 2012).

³³ Resolution of the European Parliament of 10 May 2011 on the 2009 discharge: performance, financial management and control of EU agencies (OJ L 250, 27.9.2011, p. 269).

³⁴ Special Report 15/2012, “Management of conflict of interest in selected EU Agencies”.

- Policies and procedures for managing conflict of interest situations ranging from advanced to non-existent;
- A widespread lack of policies and procedures to identify a conflict of interest before a candidate (for example, an expert, a member of the Management Board or a member of the Board of Appeal) was appointed;
- An absence of or inconsistent application of agencies' assessment of declarations of interest with a frequent lack of clear assessment criteria;
- Lack of transparency when it came to the publication of interests declared during the meetings of the Management Board and scientific bodies, where applicable, and in the context of the scientific decision-making process, however transparency relating to the publication of general annual declarations of interests was properly dealt with by all selected Agencies, except one.

The Court's audit also looked at the selected Agencies' policies and procedures in place when officials or experts leave the selected agencies to work in the private sector. The Court identified a number of shortcomings in this respect, notably:

- Lack of provisions that address risks associated with post-employment activities of experts and Members of the Management Board and the Board of Appeal;
- Absence of objective criteria as to what situations constitute conflict of interest;
- Negotiations for future employment are not covered by current policies and procedures of selected Agencies.

Key conclusion

The Court concluded that none of the selected Agencies adequately managed conflict of interest situations.

Recommendations

To address these findings and the key conclusion the Court made both Agency-specific and wide ranging recommendations which apply to all the four Agencies examined. Although the report concludes on four selected Agencies, the Court invites all EU Institutions and decentralised bodies to examine whether its recommendations may also be relevant and applicable to them.

Conflicts of interest – audit of a sensitive area

With such an audit topic there was a need for the expectations of stakeholders and of the general public to be managed clearly from the outset. The Court did this by clearly defining and communicating the audit scope.

The Court did not assess specific conflict of interest situations as such since this would have involved an intensive examination of the circumstances of those situations as well as arbitrary judgements. ECA looked at policies and procedures and their implementation, in other words, the Court looked at management. ECA were not targeting particular individuals but, of course, in the report ECA also give examples to demonstrate our findings and conclusions.

In addition, the audit did not cover conflict of interest situations that could arise in procurement and recruitment procedures. These procedures are subject to the annual audits of the Court. Nor could the Court assess the validity of the methods which the selected Agencies used to assess the results of research funded by industry.

Efficiency of the ethical infrastructure functioning in the government bodies: Croatian experience

By Anita Materljan, Head of Department

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During 2013, the State Audit Office of the Republic of Croatia performed the audit of efficiency of the ethical infrastructure functioning in the government bodies. The audit objective was to evaluate the performance of ethical infrastructure within 20 ministries, ethical conduct of civil servants and compliance with ethical values and principles, as well as the procedures in cases of their misconducts. Besides main audit objectives, there are also specific audit objectives to check and assess: completeness of ethical infrastructure in the public sector, implementation of rules and regulations related to ethics, level of ethical infrastructure establishment and efficiency of its implementation, level of relevant knowledge and skills of civil servants, treatment of complaints, cooperation with other subjects and importance of ethics in the government bodies and its place within the development strategy in the Republic of Croatia.

Regarding to significant irregularities that are repeating through the years in public sector, it was assessed that it would be justified to perform the audit that will evaluate whether government bodies implement necessary activities and developing adequate practice for promoting ethical values and principles in everyday practice and whether high ethical standards set in the public sector are achieved. In accordance, the audit scope includes activities related to the application of the Civil Servants Act provisions connected to the civil servants rules of conduct and Code of Ethics for Civil Servants, application of ethical principles and values and functioning of ethical infrastructure in government bodies.

The basis for the conclusions and recommendations that relate to legal and institutional framework and implementation of ethical infrastructure in government bodies were expert and science literature cognitions, legal and institutional framework set up, checked documentation, interviews and results of research through distribution of questionnaire.

Legal framework that regulates ethical behaviour in the public sector includes the Civil Servants Act (Official Journal 49/12) and Code of Ethics for Civil Servants (Official Journal 40/11, 13/12), and other provisions and rules partially related to the implementation of ethical behaviour in the public sector. The purpose of provisions related to ethics and ethical conduct, is to promote ethical principles and moral principles and values in the behaviour of civil servants in their work, with the aim to achieve common good and public interests and citizens' confidence in public service.

Institutional framework includes Ethics Commissioners nominated in all government bodies, Ethics Committee as an independent body, and Ministry of Administration, Department for Ethics and Values in Civil Service, which is given a specific role. Along with the above mentioned, the bodies competent for proceeding in cases of infringements of civil servants duties, also have a very important role.

Ethical infrastructure in government bodies includes laws and other provisions setting up ethical standards, and relevant ethical principles, fundamental ethical values and rules of conduct for civil servants, and ethical commissioners that are part of institutional framework. The purpose of establishing the ethical infrastructure is assuring, through the use of efficient mechanisms, the application of ethical principles, the following of fundamental ethical values, monitoring their application and undertaking the appropriate measures, procedures and sanctions in the cases of unethical behaviour. Worldwide practice confirms that good functioning of ethical infrastructure contributes to the quality of institutions' work and satisfying public needs, and increases the public confidence in state administration's work.

Integrity: a project to strengthen the integrity based administrative culture in Hungary

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The Integrity Project of the State Audit Office of Hungary (SAO) provides an example of the prevention approach in the fight against corruption. Based on strengthening integrity within the public sector, SAO launched an EU-funded project in order to map corruption risks and strengthen integrity within the public sector. The project is based on the principles of the internationally recognised and verified Dutch integrity methodology which has been adapted to the Hungarian circumstances and developed into a survey-methodology. It is unique in Europe that the integrity survey has been extended to the whole Hungarian public sector; however, the participation of the budgetary institutions in the survey remains voluntary.

The objective of the Integrity Project is to map, classify and analyse corruption risks and risk enhancing factors and to evaluate the existence and functioning of controls mitigating the corruption threats within the public sector. By providing a 'mirror image' for the public sector institutions participating in the survey, the organisations can face their own corruption risks and develop their resistance to the threats. The main aim of the project is to create the culture of integrity in the Hungarian public sector as a whole and to develop the integrity approach in the audit practice, to strengthen transparency and accountability.

The first two surveys were implemented in 2011 and 2012 when each year over 1,000 budgetary organisations filled out voluntarily the electronic form data sheets containing 155 questions serving for measuring of the corruption risk profiles of the participating institutions. In 2013 the number of respondent organisations has reached 1,500.

The data sheets filled out by the respondent budgetary institutions were channelled by the SAO's document management system directly to a multi-purpose electronic data collecting and processing system, which counted risk indices by run-off predefined algorithm. The risk indices are visualised on an internet surface ('risk map') by geographic information system methods. The database is made accessible for everyone on the Internet, through the Integrity Portal of SAO.

As a part of the integrity project, detailed analysis has been prepared every year concerning the corruption risks in organisations involved in public procurement, administrative licensing and the utilisation of EU subsidies, and a new audit guide with anti-corruption aspects is developed within the SAO. The integrity project as a whole promotes preparation for a change in administrative culture.

To maintain the results achieved, proposals were drafted for the government about the experience gained from the integrity project covering the necessary amendments to regulations and other proposals to facilitate the development of an effective anti-corruption policy.

The integrity surveys provide unique help for the SAO in risk assessment and in auditing integrity related matters.

The State Audit Office of Hungary is determined to continue the nation-wide data surveys in the public sector up until 2017 each year.

State owned enterprises and corporate governance principles: the Portuguese experience

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In 2002, the Portuguese Court of Auditors carried out an audit focusing on the State Owned Enterprises (SOE) and aiming at getting the answers to the following questions:

- How many SOE existed in Portugal by the end of 2001
- How financially sound these SOEs were
- How much funding had the State been giving to these SOE
- How far did SOE adopted corporate governance principles, which at the time were to be applied only to specific listed companies

Ethics related issues were included within such corporate governance principles, as follows:

- Risk management, aiming at minimizing all business risks, mainly the reputation risk that could affect both managers and the company
- Conflicts of interest, preventing misconduct or suspicion over managers due to the existence of these kinds of conflicts
- Codes of ethics and codes of conduct, applicable to managers and/or all company's staff, in order to avoid and prevent misconduct
- Corporate Social Responsibility (CSR), taking into account the interests of all company's stakeholders (staff, clients, suppliers, residents, state departments, taxpayers) as well as environmental and sustainable development issues
- Transparency and accountability, to ensure good reputation and confidence of stakeholders and taxpayers

Within these ethics related issues, the audit criteria were focused on conflicts of interests, codes of ethics, management approaches, SOE's reputation and transparency and accountability. The information was gathered through a survey launched over a set of SOE in 2002, which consisted of the following parts:

- Structure and functioning of Company's Boards
- Strategy and performance measurement
- Disclosure of company's information (mainly financial)
- Risk management
- Internal rules
- The State as shareholder and its duties

The main conclusions drawn were that:

- Very few companies followed corporate governance principles
- Most of them had their own codes of ethics or codes of conduct
- Very few performed risk management

As a consequence, the Portuguese Court of Auditors recommended that implementation of corporate governance principles within the State Owned Enterprises should be boosted.

In order to follow up the recommendations issued in that audit report, the Portuguese SAI performed a new audit in 2008, finding that:

- A law adopted in 2007 approved and published clearer “Corporate Governance of State Owned Enterprises” and made them applicable to all SOE where the State owned the majority of equity shares as well as to other SOE
- Ethical principles for management, managers and companies were enforced by setting requirements in the following fields:
 - Compliance with legal standards related to taxes, money laundering, competition, consumer protection, environment protection and labour protection by promoting equality of gender without any discrimination
 - Respect and integrity towards employees, customers, suppliers and other stakeholders
 - Need to have a code of ethics requiring high standards of ethical and deontological behaviour, which should be disseminated to all the company and to customers, suppliers and public
 - Ethical behaviour of managers, who should, for instance, refrain from taking part in decisions that may involve their own interests
 - Disclosure of relevant information about the company (mainly financial information)
 - Set up of easy and free access websites, where relevant, clear and updated information should be available
 - Appointment of a “customer provider”, where appropriate, in order to receive either complaints or suggestions from customers and/or citizens, acting as a link between the company and the public.

Both audits were of great relevance both to the Court of Auditors and the SOE, for they emphasized the important role of CG principles for SOE’s management, highlighted the importance of ethics requirements and ethical conduct whilst managing public assets (and money), contributed to the enforcement of transparency and accountability and strengthened risk management and internal control system within SOE.

State audit concerning ethics related issues: the Israel experience

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Israel's State Comptroller's Office deals, among other things, with ethics related issues in the public service. The Basic Law of the State Comptroller grants the Office the authority to examine "the legality, moral integrity, orderly management, efficiency and economy of the audited bodies, and any other matter which the State Comptroller deems necessary". Accordingly, the Office regularly audits issues of moral integrity, such as conflicts of interests in the public service, nepotism in the public service, abuse of power, political appointments, extraneous considerations of public employees, gifts and benefits for public servants, etc. In addition, an audit is conducted on a regular basis concerning political financing and donations to political parties; the Office is also responsible for the regularisation of conflicts of interests of government ministers and deputy ministers.

One audit case of an ethical issue in the public service was conducted in 2007 on the implementation of the Public Service Law (Post Employment Restrictions), 1969 (known as the "Cooling-off" law) which led to significant changes in this area in the public service. The law imposes restrictions on public officials' freedom of occupation in order to prevent any possibility of conflict of interests after retirement from public service.

There are three major limitations in the law:

1. The former employee is permanently prohibited from representing anyone vis-à-vis his former place of employment regarding a specific issue or subject matter which he had dealt with when employed there.
2. Former senior employees (top five rankings) are prohibited for one year after their retirement from representing anyone before an employee who had been subject to their authority while employed within the public service.
3. A former employee is prohibited for a period of one year (the "cooling off" period) from receiving employment or benefits from a person with regard to whom, the former employee had been authorised to make decisions on granting rights or recommending benefits. A committee of the District Court headed by a judge (Permits Committee) may shorten the cooling-off period.

The audit of the implementation of the Cooling-off Law by the State Comptroller's Office was conducted among the major regulators in the economy, including the Capital Market, Insurance & Saving Division of the Finance Ministry; the Tax Authority; the Ministry of Communications; the Securities Authority and the Israel Land Authority.

1. The audit findings revealed that the Cooling-off Law was a "dead letter" in some of the audited bodies, thus creating an organisational culture that contradicts the purpose of the law. Employees did not follow the law and managers did not ensure their employees operated accordingly. In fact, the question of compliance with the law became an ethical issue for managers of retirees and the retirees themselves :

- a. The audit findings showed that, while senior officials at the Capital Market, Insurance & Saving Division followed the provisions of the law, employees at the junior and intermediate levels founded employment, immediately after leaving the public service, in insurance companies and capital market companies to which they had accorded rights and benefits while they had worked at the Division.
 - b. The audit at the Tax Authority revealed that the Authority did not recognise the application of the law to its employees. Thus, Authority's employees who were in regular contact with taxpayers and their representatives, having made decisions regarding their taxes, were employed, immediately after leaving the Authority, at the representatives' offices – attorneys and accountants' offices.
2. The report described a number of cases where senior employees in the civil service violated the Cooling-off law, and sometimes didn't comply with the Permits Committee's instructions:
 - a. For example, a former Tax Commissioner violated the provisions of the Cooling-off law when, only six months after her retirement, she contacted her former subordinate in the name of a taxpayer, requesting receipt of certain privileges and benefits on his behalf. Consequently, following the report, she was indicted, and as part of a plea bargain she performed community service.
 - b. The report also found that in two cases, former senior employees did not follow the decisions of the Permits Commission, which had shortened their cooling-off period to several months. The audit revealed that these former senior officials began a working relationship with their prospective employers during the cooling-off period prescribed, contrary to the instructions of the Permits Commission, in the guise of studying the position.
3. In the summary of the report, the State Comptroller pointed out the need to make major changes in the law and the Rules of the Civil Service, in order to increase the effectiveness of the law and to re-evaluate the state's opposition to the granting of compensation to former employees due to the cooling-off period imposed on them.
4. The impact of the audit report is reflected in three significant changes in the context of post-employment restrictions:
 - a. Immediately after the audit, a provision was added to the Civil Service Rules prohibiting public employees from maintaining working relationships with former employees in violation of the Cooling-off law. Violation of this prohibition constitutes a disciplinary offense for state employees.
 - b. In 2012, the Attorney General published guidelines for the consolidation of the state's position regarding the appropriate cooling-off period for retirees from public service taking into account the seniority of the applicant (juniors - up to 3 months; intermediate - up to six months; senior - up to 12 months) as well as the characteristics of the organisation which is about to employ him and the intensity of the working relations he had with it while employed in the public service.
 - c. In March 2013, the Government accepted the recommendations of a public committee, according to which compensation should be given to former employees who are prevented from joining the labour market and when their income level is significantly reduced due to the restrictions of the Cooling-off law. The details will be finalised by the Director of Wages and Labour Agreements Department at the Ministry of Finance.

How to audit the ethical performance of a public body – a proposal

By Paolo GIUSTA, external expert, author on ethics for civil servants and ethical leadership³⁵

The audited area

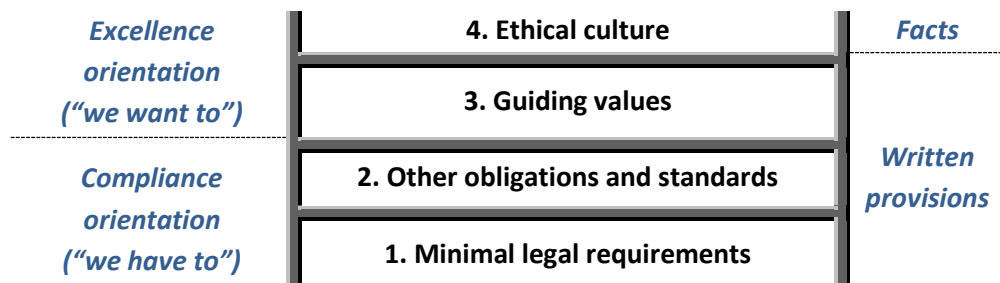
Auditing the way ethics is implemented in public sector bodies subject to the scrutiny of Supreme Audit Institutions is a challenging task, as the discussions held and questions raised at the EUROSAI Seminar on *Auditing Ethics* of September 2013 demonstrated.

This article intends to reflect on a possible basis for carrying out such an audit. This reflection will, of course, be developed and adapted in the event an actual audit is carried out.

The logical starting point for this kind of audit is to look at the scope of the potential audited area, i.e. what the ethical framework of the audited bodies consists of.

Typically, this framework - or ethical infrastructure - consists of several layers, like the steps of a ladder (see Figure 1).

Figure 1: the layers of the ethical infrastructure of an organisation



The **first step** consists of compulsory provisions laid down by legal rules, including staff regulations stipulating civil servants’ obligations, and remedies - such as disciplinary sanctions - in the event these obligations are not complied with. This is the first and minimal level of any ethical infrastructure: indeed, one can expect from a public body that at the very least no illegal act is committed.

In the **second layer**, we find other obligations and standards of public conduct, such as the duty to act with independence, in the event such a duty does not stem for a legal provision. Part of the independence standard

³⁵ Paolo Giusta is an EU civil servant. This contribution reflects his personal views and not necessarily the position of the EU institutions he has worked for.

is the avoidance of conflicts of interest, e.g. as laid down by the OECD³⁶. At this point, we also find any other rule that the audited body has decided to adopt, such as provisions to protect the dignity of staff, the obligation to denounce reprehensible acts, etc. Some organisations may decide formally to adopt a code of ethics containing these tailor-made obligations applying to its staff.

These first two layers share the feature that they look at ethics as compliance with established rules. They aim primarily to prevent, identify and punish bad behaviour. The provisions they contain are enforceable, and consequences - such as disciplinary and even criminal sanctions - can be applied when such provisions are breached.

The next two levels belong to a different, yet complementary, approach to ethics, which considers ethics as a resource for better behaviour and decision making, and ultimately for better performance³⁷, rather than just as a limitation indicating what should be avoided. The content of these two latter layers is largely unenforceable.

Here the consequences are not sanctions, but positive outcomes if they are put into practice: a more serene working climate, more and better-quality output, increased reputation, and a better service to the public as the bottom line.

The **third layer** is the values that the organisation considers important: the values that should guide the strategy and daily operations of managers and staff and that are typically enshrined in a value statement, communicated to all personnel and stakeholders. These values are aspirational, insofar as they indicate which kind of excellent (not only rule-abiding) conduct and decisions the organisation is striving to achieve and demonstrate.

The first three layers consist of written provisions. This facilitates audit work, since one can at least check whether such documents exist.

All these written provisions, however, could remain little more than wishful thinking if they are not used and put into practice in the organisation's daily life. Here the actual, non-written ethical culture of the audited body enters into play – the **fourth step** in our ladder. This culture is composed of facts, such as the example provided by public servants at the top of the organisation (which we see as the single most important element of the ethical infrastructure), the time and resources spent in making ethics a priority (e.g. by setting up an integrity function, internal and external communication actions, training courses, etc.), and the way the public body monitors that the components of the ethical infrastructure are put into practice.

Possible audit questions

Looking at the ethical framework as described above, a number of key risks appear:

- Some elements of the framework may not exist, which would be particularly unfortunate if the most important ones were missing: the first step, where legal obligations are laid down, and the fourth, which makes the whole framework operate in practice rather than just in theory;

³⁶ See OECD (2005), OECD Guidelines for Managing Conflict of Interest in the Public Service (www.oecd.org/gov/ethics).

³⁷ For a recent research indicating that there is *“a positive and strong correlation between ethics and organizational performance”*, see Peyman Akhavan, Majid Ramezan, Jafar Yazdi Moghaddam, Gholamhossein Mehralian, (2014) *“Exploring the relationship between ethics, knowledge creation and organizational performance: Case study of a knowledge-based organization”*, VINE, Vol. 44 Iss: 1, pp.42 – 58.

The elements of the framework may well exist, but not be functioning. This might be due to some internal inconsistencies in the ethical framework (e.g. the values declared have nothing to do with the obligations and standards in the code of conduct) or to the fact that the written provisions are overlooked when it comes to deciding the course of action to be followed in concrete situations.

It may also be impossible to know whether or not the ethical framework is effective, since no measurement system has been put in place by the audited entity, or the wrong indicators have been chosen.

Based on this first list of the most obvious risks, the following pyramid of audit questions could be conceived (Figure 2):

Figure 2: Outline of a basic pyramid of audit questions, to be developed for audits on ethical performance

1. Is the ethical framework of the audited entity effective?								
1.1. Does an appropriate ethical framework exist?			1.2. Is the ethical framework working in practice?			1.3. Does the audited entity monitor the implementation of its ethical framework?		
1.1.1.	1.1.2	1.1.3.	1.2.1.	1.2.2.	1.2.3.	1.3.1.	1.3.2.	1.3.3.
Do minimal legal requirements exist?	Has the entity adopted tailor-made obligations, standards and values?	Is there an integrity function in place?	Are all instances of illegal behaviour detected and punished?	Are the audited body's values and standards applied throughout the organisation in daily conduct and decision-making?	Do top managers lead by example?	Are objectives laid down?	Are these objectives accompanied by indicators?	Is someone measuring them regularly?

Possible audit approach

To answer these questions, the auditors could look at the following elements:

1.1. The existence of the ethical framework

1.1.1. The regulatory framework applicable to the audited body: legal provisions on staff obligations and standards, conflicts of interest, preventing and punishing misconduct such as corruption, harassment, etc.

1.1.2. Whether the audited body has decided to go beyond the minimal regulatory requirements and adopt tailor-made enforceable obligations and standards – which are compulsory for all staff, and

aspirational values – which are intended to guide staff in making decisions and adopting the most appropriate course of action. Auditors could also look at the internal coherence between those tailor-made elements, for example whether the guiding principles are translated into operational and enforceable obligations and standards³⁸ or whether, conversely, the values speak a completely different language from the compulsory requirements. If the latter occurs, it could be an indication that the values have been set up, maybe under pressure from stakeholders, without real conviction on the part of the organisations’ leaders and, therefore, they are likely to remain theoretical rather than become a practical tool.

- 1.1.3. The way the audited body has organised itself to ensure the ethical framework works, e.g. by creating a function providing guidance and advice on ethics and integrity-related matters. Here the auditors may look at existing practices, and note for instance the difference between the approach adopted by the United Nations, where every agency has a senior staff member (at director level) in charge of the Ethics Office, and the approach by the European Commission, where a network of junior “ethics correspondents” has been put in place, mainly charged with assisting colleagues in complying with the obligations laid down by the regulatory framework.

By looking at the elements under 1.1.2. and 1.1.3., the auditors could also aim to ascertain whether the audited body has limited itself to a compliance-based approach to ethics, or whether they intend, at least in theory, to use ethics as a resource for increased performance and better service to the public. These elements would also allow them to determine whether the ethical framework is complete (have all the four layers above been taken into account and developed?) and coherent (are the various elements consistent with each other?)

1.2. How the ethical framework functions in practice

- 1.2.1. Here the auditors should look first at whether all instances of reprehensible behaviour are detected and punished. Indeed, the organisation might be proud of having systematically applied no disciplinary sanctions at all to its staff for a number of years. This could well indicate that no breach in civil servants’ obligations and professional standards has occurred. However, this could also present a distorted image, as is the case for other indicators proving an ambiguous image: e.g. if an external audit body tries to maximise the number of recommendations accepted by the auditee to measure its influence capacity, it may be tempted to water down some of the recommendations for the sake of ensuring the maximum number are accepted. Similarly, a lack of disciplinary sanctions might indicate that breaches in obligations and standards, if they occur, go unnoticed or, when they are detected, are not actively pursued. Appropriate audit criteria need to be developed, based on the nature and organisation of the audited entity, to assess whether this is the case.

³⁸ A good example of a coherent framework encompassing values and obligations is the Code of Ethics of the Project Management Institute (http://www.pmi.org/About-Us/Ethics/media/PDF/Ethics/ap_pmicodeofethics.ashx). This code also presents the advantage of establishing a clear distinction between mandatory standards (accompanied by possible sanctions in the event of a breach) and aspirational ones.

1.2.2. The emphasis should then be on establishing to what extent the various components of the ethical framework, the existence of which has been established under 1.1., are applied as a routine practice by managers and staff, rather than remaining merely a beautiful picture that nobody looks at. This is possibly the most difficult task in this kind of audit: what is measurable here? What should be measured in practice?

A comprehensive measurement framework is provided by two renowned ethics experts, Joan Elise Dubinsky (the current director of the UN Ethics Office) and Alan Richter: in their *Ethics and Integrity Benchmarks*³⁹, they provide “a tool for helping organizations assess and measure their progress in making a formal and transparent commitment to ethics and integrity in the workplace”⁴⁰. In our view, these benchmarks, organised around twelve key areas, can be used not only by managers and ethics officers in the organisation itself, but also as a reference point for external auditors charged with assessing the performance of the ethical framework of such organisations.

Auditors could also be willing to look at what happens within the organisation’s everyday life. For instance:

- Is ethics something managers and staff talk about freely and regularly? (A private-sector organisation decided to name its meeting rooms according to its values; the fact that people knew they were going to meet at the “Integrity” meeting room, or the “Transparency” room, helped them remember what the organisation, and each one of them, were striving for.)
- Do the audited body’s official decisions refer to the organisation’s values and standards in their recitals? (If not, this could indicate that the values and standards the organisation has chosen to adopt play little or no role in the actual decision-making process.)
- Do training courses focus on compliance only, or do they provide the staff with tools for making sound ethical decisions, such as the ability to recognise and address ethical dilemmas when they encounter them? Are special training programmes devised for specific functions, such as managers, civil servants in charge of financial management, etc.?

1.2.3. Particular attention should be paid in this context to the tone at the top. As the US expert in ethical dilemmas Rushworth Kidder pointed out, nothing fosters the development of an integrity culture more powerfully than the values visibly shown and practiced by the top management; and nothing destroys it more rapidly than a do-what-I-say-not-what-I-do attitude. Here, it could be useful to ask the staff (through a questionnaire, survey, etc.) about their perception of the way their managers lead by example, and to distinguish between top managers who have been politically appointed and those who have not.

³⁹ <http://qedconsulting.com/files/GlobalEthicsandIntegrityBookmarks.pdf>.

⁴⁰ From the Introduction.

1.3. The way the audited entity monitors the implementation of its own ethical framework

At this point, the auditors could check whether the audited entity has a thorough knowledge of the ethical framework in which it operates, and what the basis for this knowledge is. Typical questions could be whether objectives are set for the organisation's ethical performance, whether indicators exist to measure progress towards these objectives, and whether someone within the organisation actually measures such progress. One could also look at whether the indicators not only exist, but are the right ones (see 1.2.1. for an example of an ambivalent indicator).

A useful checklist for public-sector bodies carrying out such monitoring is provided by the OECD⁴¹, and consists of a series of questions and sub-questions:

- Are the basic principles and standards clear?
- How is an ethical culture fostered?
- Is there adequate oversight and accountability?
- Is the public well informed?

As we indicated at the beginning, this article presents ideas and proposals, based on the author's personal experience and research; they should be developed further in the event an actual audit on the ethical performance of a public-sector body is carried out.

In particular, audit criteria and methodology should be strengthened and fine-tuned, depending on the nature, organisation, and operations of the audited entity.

Our intention, and our hope, is that this article will stimulate the debate launched in September 2013 and will provide some useful, and useable, food for thought.

⁴¹ OECD, "Ethics Checklist", Paris, November 1997, quoted by Carol W. Lewis and Stuart C. Gilman, *The Ethics Challenge in the Public Service. A Problem-Solving Guide*, Jossey-Bass, San Francisco, 2005, p226.

Audit of ethics: an appointment in the SAIs' schedule for the 21st century

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The relevance of ethics to INTOSAI cannot be underestimated when it is noted that the Code of Ethics (ISSAI 30) figures as a prerequisite for the functioning of a SAI. In this sense, INTOSAI highlights that the adoption and implementation of a code of ethics by public auditors “*promotes trust and confidence in the auditors and their work*”, foundations of trust, confidence and credibility of the SAI to the public.

This point understood, the challenge that increasingly unfolds before the action of a SAI figures on the need to audit the management and ethical infrastructure within the public sector entities subjected to the discretion of SAI.

The paradigm change to the Public Administration towards a managerial model, focused on decentralisation, quality of service and finalistic control, in contrast to the weberian bureaucratic model, based on the formalism in meeting regulations and administrative procedures of formal controls, led to relaxation of the called *hard controls* and to the stimulus of the *soft controls*, the increased discretion of Administration and the application of management methods commonly used by the private sector in pursuit of increased efficiency and effectiveness of services provided to citizens.

In parallel, this movement was accompanied by a demand on the improvement of the accountability mechanisms by public entities and understanding of the importance of having a good governance and management, guided and sustained by values and principles that provide a high ethical climate in which public officials seek to achieve the goals and objectives of the organisation without departing from the commitment to the public interest and ethics of the organisation.

Seeking to achieve this balance, the OECD conducted two surveys - in the year 1996/1998 - to determine the factors that influence ethical behaviour in public service. From the experience of its member countries, the OECD has identified the elements and mechanisms used by governments to promote integrity and ethics in the public service - the so called ethical infrastructure.

Categorised the elements of ethics infrastructure in accordance with the functions of guidance, management and control, we will examine these mechanisms from an audit's point of view within the methodological approach of INTOSAI and *The Institute of Internal Auditors*.

In defining the scope of an audit, the ethical aspect will be present primarily or subsidiary, according to the choice of the audited object and breadth of scope. When the main scope of the audit focuses on ethics management and its infrastructure, we can say that we are dealing with a proper audit of ethics. In other cases

where the ethical aspect is treated only as a secondary element that can affect the audited object, the audit of ethics would occur in a subsidiary manner, embedded in the main audit.

Thus, organisational ethics should always be considered in greater or lesser depth, in the planning of any audit conducted by SAI, in so far as the ethical aspect is the relevant factor of the risk assessment and element of the internal control environment of the organisation (INTOSAI GOV 9100/2.1, ISSAI 1315/14, 2013 COSO Framework).

A preliminary study (or *pre-study*) can be undertaken to explore and evaluate the entity's internal control environment (ISSAI 300/3.2, 2004), as well as to assess the ethical climate and the risk of unethical behaviour in the organisation. There are some models in the literature to estimate the risk of unethical behaviour; however, we must be careful not to leave out of the model a variable that captures the level of existing internal controls in the organisation system. The degree of exposure to ethical risk can serve as a criterion for prioritising the entities that are to be audited.

When talking about risks and internal controls it is convenient that we also pay attention to the rules of the *International Professional Practices Framework* (IPPF), which provide an interesting view of the interaction between ethics, governance, control and risk management. One of the objectives of good governance is precisely the promotion of ethics and appropriate values within the organisation (*Standard 2110*). On the other hand, good governance is based on effectiveness of internal controls as well as risk management is based on good governance (for example, think of the tone of the top, the risk appetite and oversight of risk management). Obviously, control and risks are associated from the very definition of control (any action taken by the organisation to manage risk and increase the likelihood of achieving organisational objectives).

The audit of ethics brings a growing challenge towards the standardisation of models and frameworks of a sound ethics management that can be taken as reliable audit criteria and support the development of robust evidence and audit findings. The management of ethics lacks an architecture (*principles, framework and process*) similar to that for risk management (see, for example, ISO 31000), which narrows the scope and weakens the results of an audit of ethics.

Despite the limitations resulting from an inconsistent audit criterion, much can be done to achieve the goal of auditing ethics management and assess the ethical climate of a public sector organisation. Every management presupposes the existence, declared or not, of objectives, programs and activities, based on a framework upon which flow processes and controls, so that the management of ethics is no exception to this approach.

A good starting point for elaborate assessment tools can be found on the inspiring systematic set of 96 questions of *Ethics Effectiveness Quick-Test* (EEQT), designed by the *Ethics Resource Center* (ERC) *Principal Consultant* Frank Navran to evaluate twelve areas related to the management of ethics. This EEQT proves both versatile to draw a self-assessment test of areas related to the management of ethics, as well as to support the planning of an audit.

Certainly, audit planning of ethics should address the code of conduct and other elements of the ethical infrastructure of the organisation, however we cannot lose sight that the analysis of the design, implementation

and management effectiveness of ethics enforced by the audited requires the subsumption to a management role model, suggesting here the models that bring embedded the concept of PDCA (*plan-do-check-act*) or its variant PDCL (*plan-do-check-learn*), which incorporates the concept of organisational learning.

To assess the risks and controls associated with the management of ethics we can adapt the tools and techniques specified in ISO 31010, or any that SAI usually applied to perform the steps of the risk assessment (identification, analysis and evaluation).

Also, we can set attributes to design maturity models of ethics management, or build a governance index of ethics in order to qualify the audited entities by ranges of susceptibilities to commit ethical violations. For purposes of governance, it matters how much ethics management is aligned with the strategic objectives of the organisation.

Knowing the maturity level of ethics management is essential for defining the scope of the audit of ethics and to choose which components of the structure (ethics infrastructure) and which processes are viable to be audited.

We cannot forget that the audit of ethics is not only to measure the ethical climate or adherence to the code of conduct of the organisation. The audit of ethics conducted by SAI, in the wake of the performance audits, needs to add value and contribute to the improvement of management, controls and governance of the audited organisation through functional recommendations and a timely follow-up. SAI, playing a leading role, will provide a good service to embody the view that ethics has practical implications in achieving the goals, mission and vision of the future of public sector organisations.

Assessment INTeegrity (AINT)

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Introduction

AINT stands for Assessment INTeegrity. It is a new audit instrument, based on SAINT and INTOSAINT to chart the vulnerabilities in the organisation to breaches of integrity. What do you need to worry about and why? The instrument also helps you to assess the maturity of integrity controls. What measures are present in the organisation and do they work properly? The quality of the controls should balance the vulnerabilities. Based on this analysis the organisation can design and implement an integrity policy that fits.

Integrity relates to ethics and culture. There are two dimensions in integrity policy: rule based and principle based. The rule based policy is repressive and legalistic. It focuses on determent of bad behaviour by detection and punishment. It needs clear rules and independent execution in order to maintain rule of law and fairness. The principle based policy is a managerial approach that is focused on facilitating good behaviour and rooted in stimulating an ethical culture. It needs a wide definition of integrity.

There are also two types of ethical behaviour: following rules and moral conscious behaviour. Hard controls and soft controls can be used to enhance following rules and moral conscious behaviour. Soft controls are aimed at awareness and the moral competence of employees.

AINT gives you the opportunity to assess a principle based policy as well as a rule based policy and to assess the soft controls as well as the hard controls.

Risk assessment: Assessment INTeegrity (AINT)

Risk analysis is a natural reflex in our daily lives. To a certain degree, we are programmed to analyse the risks inherent in every situation. Often we do so subconsciously, implicitly or even intuitively. We know from our own experience that we are almost continuously analysing and weighing up risks. Risk analysis can stop us doing things or change the way we approach them. It makes us more alert so that we can respond more quickly and thus reduce the chance of misadventure. We assess the nature and seriousness of a risk so that we can take measures to avert it or mitigate its consequences.

Such exercises are important to us personally, but they are vital to organisations. All public organisations are vulnerable and are to some extent exposed to integrity risks. Organisations must be aware of their vulnerabilities and risks, so that they can take targeted measures. It is both illusory and undesirable to think that all risks can be averted or closed out. That would need so many rules and procedures that the organisation would no longer be able to function. Risk analysis can help decide what measures will help to reduce the risks for an organisation to an acceptable level.

Outline of the assessment method

The assessment methodology consists of five separate steps:

- (a) Analysis of object and its processes
- (b) Assessment of vulnerabilities
- (c) Assessment of the maturity of the integrity control system

- (d) Gap analysis
- (e) Management report and recommendations

(a) Analysis of object and its processes

The first step is to define the object of the assessment and to analyse the relevant processes. The object may be the entire organisation or specific organisational entities. For the selected object a list of primary, secondary and management and control processes has to be drawn up. The quality of the list will determine the further course of the assessment. As well as being complete, the list must indicate the processes so that they are recognised and understood without being overly detailed. Cryptic names lead to uncertainty and should be avoided.

(b) Assessment of vulnerabilities

In this step, an estimate is made of the vulnerability, i.e. the potential exposure to integrity violations, of the processes named in step (a). Assess whether and to what extent important processes in an organisation are inherently vulnerable. In addition to the inherently vulnerable activities, some circumstances may enhance the existing vulnerability of the organisation to integrity breaches.

(c) Assessment of the maturity of the integrity control system

A key element of this methodology is the assessment of the “maturity level” of the integrity control system. The integrity control system is the body of measures in place to promote, monitor and maintain integrity. From the many measures known from the literature and practice a keenly-balanced set, has been composed to serve as reference for this assessment method.

The assessment of the maturity level of the integrity control system takes into account the existence, the operation and the performance of controls. This makes it possible to analyse the strengths and weaknesses of the integrity control system. In this way it provides an insight into the resilience the organisation has already built up to integrity violations.

(d) Gap analysis

This reveals the link between the vulnerabilities (b) and the maturity level of the integrity controls (c). The analysis should clearly show the remaining vulnerabilities after the confrontation of vulnerabilities with the relevant control measures in the integrity control system. The gap analysis may be extended to the level of specific risks per vulnerable process, to provide more detailed recommendations to management.

Organisations may cope with vulnerabilities in different ways. First of all they may try to eliminate or reduce vulnerabilities by avoiding vulnerable activities. Sometimes it is possible to conduct activities in a different way thereby eliminating activities that are vulnerable to breaches of integrity. This means that the organisation is able to address the origin of the vulnerability. In practice however this may be difficult. Public organisations have legal obligations and cannot avoid engaging into sensitive activities.

(e) Management report and recommendations

A thorough gap analysis leads to well based recommendations on how to reduce the general risk level by setting priorities and implementing new measures or improving existing measures.

The assessment report should focus on the gap analysis, because this analysis shows the level of the remaining vulnerability of the organisation and should be the basis for the recommendations.

There are two types of recommendations possible, based on the assessment:

- Recommendations aiming at reducing vulnerabilities and vulnerability enhancing factors
- Recommendations, aiming at improving integrity controls.

Technical guidelines for conducting audits of institutional ethics: a contribution by the SAI of Costa Rica

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According to the Political Constitution of Costa Rica, the Office of the Comptroller General (CGR) is an institution that supports the Legislative Assembly in the process of supervising public assets; to that effect, the CGR is provided with functional and administrative independence so it can perform its activities. Its mandate appoints the CGR as the leader of the National System of Audit and Control, which allows the SAI to continuously contribute in order to strengthen the performance of the Costa Rican Public Administration. This is done by means of the audit tasks that are inherent to the SAI, the emission of standards and regulations, and the delivery of training activities for public servants, as well as other actions regarding the control of public resources and the performance of functions and powers assigned by the national juridical framework.

Based on such powers, in 2008 the CGR took the challenge of defining a methodology for developing audits of institutional ethics. As the product of a thorough bibliographic and digital research and a survey on the national and international levels, the *“Technical Guide for Conducting Audits of Institutional Ethics”* was issued. The paper configures the CGR’s answer to a need it perceived and to frequent statements, mainly from the group of the internal auditors of public institutions, who required guidance about ways to support management in strengthening the systems of internal control, risk assessment and corporate governance, including institutional ethics as a part of the latter. The Guide’s use is not mandatory, rather it is offered to internal auditors, management and every professional who conducts audit, as an option to perform examinations regarding the topic it deals with.

The document contains a theoretical discussion on the nature of ethics, its relation to corporate governance and internal control, on the legal and technical regulations on ethics in force in Costa Rica, as well as the features and scopes that can be used when undertaking an audit assignment aimed at assessing this important element of control environment within an institution, as well as at devising improvement opportunities.

As a preamble to the audit of ethics, the Guide refers to the *“institutional framework on ethical matters”* as a *“...set of formal and informal factors that configure and materialise the ethical philosophy, approaches, behaviour and performance within an institution.”* From this concept, it defines the audit of ethics as *“...a systematic, objective and professional process to evaluate the operation and the effectiveness of the institutional framework on ethical matters, in order to make contributions to that framework.”*

Depending on the scope of the audit, it might embrace the integral institutional framework on ethical matters or its specific components, which the Guide identifies as follows:

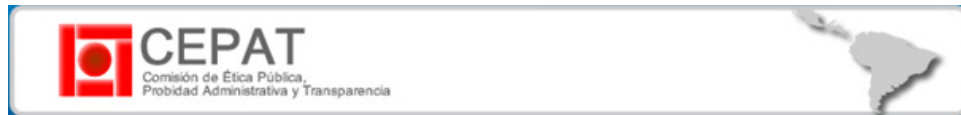
- ***The ethical program***, which comprises the formal ethical factors established by the institution, such as its statement of institutional values, its code of ethics, its vision and mission, its definition of ethical performance indicators, and a formal strategy to strengthen ethics
- ***The ethical environment***, which is observable through the values, beliefs and behaviours shared by the different actors of the organisation. It includes the informal factors that can be perceived within the institution, such as the organisational climate, the management styles, the decision-making models, and the individual behaviour and verbal statements.
- ***The integration of ethics as part of management systems***, which relates to the incorporation of ethical controls within the systems and procedures used in the performance of organisational areas with particular exposure to ethical failure and corruption, such as human resources, financial management, contracting and activities politically exposed.

The Guide advises audit practitioners to start auditing ethics by approaching the ethical program only — since formal factors are easier to detect, assess and strengthen—, and advance in future evaluations towards the examination of the other two components of the institutional framework on ethical matters. This initial concentration on the ethical program is fundamental to determine whether the applicable regulations are being observed. For organisations with strong formal factors that have acknowledged the relevance of ethics, it is important to assess how ethics is incorporated into systems. On its part, the examination of the ethical environment provides useful information regarding the organisational perceptions on ethics and the actions that should be implemented to promote and further ethics.

For practical purposes, the Guide is complemented by nine tools covering the preparation of the general audit program, the evaluation of each component of the institutional framework on ethical matters, and the documentation and delivery of findings.

SAIs' Toolbox for Corruption Control: systematisation of OLACEFS' experiences

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The integrity of institutions is today a cornerstone of modern states and basic to the architecture of democratic governance. More so than in the past, countries have to assume they will be evaluated by international agencies, investors and their own citizens in a much more exacting way than in the past. The international standards on corruption that have emerged in recent years, and preventive good practices such as transparency, accountability and citizen participation in public affairs, provide the backdrop to address this macroproblem.

Latin American SAIs have been part of this process and the role they have played strengthening integrity within their territories has been fundamental. The SAIs have helped open up public offices and reveal what was previously outside the scope of public scrutiny; they have included organised civil society and citizens in parts of the audit and oversight process and have refined methods of prevention, detection and control with the intensive use of information and communication technologies.

OLACEFS has compiled the good practices and tools developed in recent years by regional SAIs in a book, *“SAIs' Toolbox for Corruption Control”*. The book has two aims: first, to provide a set of anti-corruption practices - as used in Latin American SAIs - for other SAIs, and secondly to disseminate the work of OLACEFS' members. The publication includes five types of instruments: **prevention, reporting, audit, inclusion of citizens and tools of non-SAI agencies**.

The **preventive tools** include the Prevention Program, developed for election periods by the Comptroller General's Office of Peru. This seeks to use public assets for election campaigning. Other preventive tools include the Disqualified Persons Register, created by the SAI of Brazil and listing those persons debarred from public office.

Reporting tools include the Chilean SAI's website, “The Comptroller General and the Citizen”, which allows for online reporting including the anonymity of the complainant outside the SAI, as well as follow-up information on the complaint.

Amongst the innovative **audit tools**, the Accountability System of Peru's SAI stands out, basing some of the audits carried out by the organisation on sworn statements. Noteworthy too is the Chilean SAI's crosschecking system for massive bases of data which helps optimise information when performing audits.

In terms of **tools regarding the participation of citizens and civil organisations**, the Paraguayan SAI's campaign *“Demand. Control. Report”* should be mentioned. It includes both students and parents of students in the audits of certain educational programs. Also of note is the Peruvian SAI's Youth Audits Program, designed to encourage the involvement of older secondary school pupils in oversight committees in the educational sector.

Special **tools developed by organisations other than SAIs** include the very interesting affidavits system concerning the assets of public officials of the Anti-Corruption Bureau of Argentina.

If one item of special interest had to be chosen from the set of systematised tools in this Latin American toolbox, it would undoubtedly be the advance of alliances between institutional control developed by the SAIs and the social control exercised by citizens and their organisations. We believe that Latin America can show to good effect how it has created these interesting experiences which are also vital in building governance.

The full list of instruments can be found in the table below.

Detecting and preventing corruption

Argentina	General Audit Office of the Nation	Integrated institutional communication program
Brazil	Federal Court of Accounts	Register of Disqualified Persons
Chile	Comptroller General of the Republic	Register of Convictions
Cuba	Comptroller General of the Republic	Risk Prevention Plan
Ecuador	Comptroller General of the State	Sworn Declaration of Assets System
Ecuador	Comptroller General of the State	Internal Control Standards
Ecuador	Comptroller General of the State	Code of Ethics
Honduras	Supreme Court of Accounts	Probity and Ethics Committee
Honduras	Supreme Court of Accounts	Integrated System of Disclosure of Revenue, Assets and Liabilities.
Peru	Comptroller General of the Republic	Prevention Program for election time
Peru	Comptroller General of the Republic	Verification of Disclosure of Income and Assets
Venezuela	Comptroller General of the Republic	Register System of authorities and bodies
Venezuela	Comptroller General of the Republic	Affidavits/sworn net asset statements system in electronic format
Venezuela	Comptroller General of the Republic	Register system of public authorities

Complaint

Brazil	Federal Court of Accounts	Ombudsman and Citizen Complaint
Chile	Comptroller General of the Republic	Comptroller Office and Citizen: Control and Complaints on line
Costa Rica	Comptroller General of the Republic	Electronic Complaint
Ecuador	Comptroller General of the State	Public Hearings
Ecuador	Comptroller General of the State	Management of Ethics Issues, Citizen Participation and Asset Control
Ecuador	Comptroller General of the State	1800 ETICOS Whistle Blowing System
Ecuador	Comptroller General of the State	Dedicated emails
El Salvador	Court of Accounts of the Republic	Instrument for the Civil Complaints
Honduras	Supreme Court of Accounts	Civil Complaints System
Mexico	Federal Supreme Audit Office	Ethics telephone lines and website for Civil Complaints
Peru	Comptroller General of the Republic	National System of Complaints

Brazil	Federal Court of Accounts	Intranet of Information
Chile	Comptroller General of the Republic	Massive Crossing of Database Administrated by the Public bodies
Chile	Comptroller General of the Republic	Municipal Budgetary Execution "Traffic lights"
Chile	Comptroller General of the Republic	Comptroller and the Citizen: Supervision on-line
Ecuador	Comptroller General of the State	Autoaudit
El Salvador	Court of Accounts of the Republic	Government Auditing Manual
El Salvador	Court of Accounts of the Republic	Specific Internal Control Technical Rules
Peru	Comptroller General of the Republic	Accountabilities System

Citizen Partnership tools

Colombia	Comptroller General of the Republic	Forum of Citizenship Interest "Fight against Corruption"
Ecuador	Comptroller General of the State	National Plan to Fight Corruption through Transparency and Social Control
Paraguay	Comptroller General of the Republic and Judiciary Studies Centre (Centro de Estudios Judiciales)	Campaign: "Demand. Audit. Complaint."
Peru	Comptroller General of the Republic	Young Audits Program

Other bodies' tools

Argentina	Anti-Corruption Office	Sworn Asset Declaration System of Public Officials
Ecuador	Citizen Participation and Social Control Commission	Accountability Referential Guideline
El Salvador	Transparency and Anti-Corruption Sub-Secretary	Executive Branch Bodies Accountability
Mexico	Civil Service Secretary	Alert System: Asset Declaration of Public Officials
Mexico	Civil Service Secretary	OMEXT (Spanish): Asset Declaration of Public Officials

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Portugal (Chair)	Tribunal de Contas
Albania	Kontrolli i Lartë i Shtetit
Croatia	Državni ured za reviziju
Cyprus	Audit Office
Czech Republic	Nejvyšší kontrolní úřad
ECA	European Court of Auditors
Former Yugoslavia Rep.Macedonia	Државен завод за ревизија
France	Cour des comptes
Hungary	Állami Számvevőszék
Iceland	Ríkisendurskoðun
Italy	Corte dei Conti
Malta	National Audit Office
Poland	Najwyższa Izba Kontroli (NIK)
The Netherlands	Algemene Rekenkamer
Romania	Curtea de Conturi
Russian Federation	Счетная палата Российской Федерации
Serbia	Državna revizorska institucija
Slovenia	Računsko sodišče
Spain	Tribunal de Cuentas
Turkey	Sayıstay Başkanlığı

