



REPORT TO THE EUROSAI GOVERNING BOARD AND CONGRESS

Reporting Period: 2014-2017

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

In June 2011, in Lisbon, the EUROSAI Governing Board set up a Task Force to deal with *Audit & Ethics* (TFA&E), aiming at ***promoting ethical conduct and integrity, both in Supreme Audit Institutions (SAI) and in public organisations***. The Task Force should build upon this theme and share the results with the SAI's community. In 2014, the IX EUROSAI Congress, in The Hague, renewed the mandate of the TFA&E to continue exploring the same subjects on the basis of a new set of activities.

While the TFA&E started its activities with 11 members, a growing number of 27 EUROSAI SAIs have been actively participating in its work during the mentioned 6 years period:

- Albania
- Croatia
- Cyprus
- Czech Republic
- European Court of Auditors
- Finland
- Fyr of Macedonia
- France
- Germany
- Hungary
- Iceland
- Israel
- Italy

- Malta
- Moldova
- Montenegro
- Poland
- Portugal (Chair)
- Romania
- Russian Federation
- Serbia
- Slovenia
- Spain
- Sweden
- The Netherlands
- Turkey
- United Kingdom

2. The TFA&E Working Plan 2014-2017

The work of the TFA&E has been combining the EUROSAI goals of building capacity in SAIs and of sharing knowledge, information and experiences with the objective of strengthening relationships with other organisations of audit professionals.

The approved working plan for the period 2014-2017 was based on two goals and several projects:

Goal 1: *Promote ethics as a pillar of SAIs*

- *Raise awareness on the importance of ethics as a key pillar of SAIs, focusing notably on leadership role, on implementation practices and on people*
- *Strengthen the ethics' monitoring and control systems in SAIs*
- *Monitor SAIs' ethical frameworks and practices as a tool for improvement*
- *Follow/support the work of ISSAI 30 review and IDI*

Goal 2: *Promote ethical conduct in public organisations through the SAIs' audit activities*

- *Issue common guidelines to audit ethics/integrity*
- *Raise awareness and encourage SAIs to audit ethics related issues and monitor SAIs' ethics related audit practices*

The working plan also included the objective of disseminating progress both to EUROSAI Members and to other INTOSAI Regional Working Groups.

Nearly all the above mentioned SAIs have participated actively in the tasks developed by the TFA&E, either through hosting or organising events, running workshops, interactive exercises and presentations, preparing and reviewing drafts and documents, providing comments, preparing articles or other written contributions, disseminating the work, etc.

3. The TFA&E Activities

During the period of 2014-2017, the main initiatives and achievements of the TFA&E were:

Goal 1 of the TFA&E: *Promote ethics as a pillar of SAIs*

➤ **Raising awareness**

The TFA&E conducted and participated in several raising awareness activities. In some cases, these activities were initiated by the TFA&E. In others, the TF replied to invitations to disseminate its work. We must note that, during this period, the interest towards the role of the TFA&E was significant. We highlight the following:

- Workshops organised by the TFA&E in the IX EUROSAI Congress and in the 2nd YES Conference



- Workshops organised with the staff of the hosting SAIs during the TFA&E meetings and events (Italy, Turkey, Spain and United Kingdom)
- Conference co-organised by EUROSAI Goal Team 1 and the TFA&E about “*The importance of ethics and integrity for SAIs*”, in Budapest, September 2016. This Conference gathered the several initiatives in this field aiming to disseminate and coordinate their work and discuss how to optimise it (it included also the ISSAI 30 review project, the IDI’s programme on *SAIs Fighting Corruption*, the IntoSaint initiative and the project *Mapping Corruption Risks - Strengthening Integrity Based Administration*, carried out by the State Audit Office of Hungary)
- Workshop organised on request of AFROSAI and GIZ (*German Corporation for International Cooperation GmbH*) for a women’s leadership training course

➤ Explore leadership role

- Based on research and results of workshops, the TFA&E produced a list of important leading and management attitudes and initiatives to make ethics a pillar of SAIs.
- This list is included in the TFA&E website and has been discussed and disseminated in several events. The TFA&E delivered that list to all delegations at the 2016 INCOSAI.
- During the 2016 INCOSAI, the TFA&E approached and interviewed leaders of SAIs and other delegates to discuss what a leader should do to build an ethical culture in the SAI. A video with those interviews will be available at the TFA&E website.
- The conclusions of this work were considered for developing other activities related to guidance and for the review of ISSAI 30.

➤ **Prepare materials for raising awareness on ethics**

The TFA&E has suggested the EUROSAI Governing Board to launch a video competition to stimulate awareness and discussion on ethics within SAIs. The proposal was approved and the “*Ethics Matters*” video competition was launched in late 2016. 4 videos were prepared and submitted by EUROSAI member SAIs or their staff. The Jury chose the video submitted by the SAI of Israel as the winner and considered the other 3 ranked in 2nd “*ex aequo*”. SAIs may now use these videos in their raising awareness activities.

The TFA&E is also finalising a training model for SAIs, that they can consider, if wanted, when delivering training on ethics.

➤ **Strengthen the ethics’ monitoring and control systems in SAIs: ISSAI 30 review**

This turned out to be one of the most important projects during this period. Several members of the TFA&E participated in the ISSAI 30 review team: Poland, as chair of the review team, Portugal, as chair of the TF, Albania, Hungary, Netherlands and United Kingdom. Their participation allowed that the new version of ISSAI 30, approved by the 2016 INCOSAI, in Abu Dhabi, incorporates the main conclusions of the TFA&E work. These grounded conclusions and the participating members influenced the main changes introduced:

- An INTOSAI ethical standard that communicates the importance of the SAI and the SAI’s leader in promoting an ethical culture in its organisation
- The principle that the ethical requirements are applicable to all staff
- The introduction of basic requirements and guidance for SAIs and for staff, with a strong emphasis on implementation

- A requirement on the need to establish an ethics control system

➤ **Strengthen the ethics’ monitoring and control systems in SAIs: guidance to implement the revised ISSAI 30**

Once ISSAI 30 new version was finalised, the TFA&E focused on producing guidance to implement it.

The insufficient development of SAI’s ethics monitoring and control function was highlighted in the TFA&E previous report (2014) following the analysis of SAIs’ practices¹ against the elements of a sound ethical infrastructure. The new ISSAI 30 and the guidance to implement it provide now new directions for SAIs on how to strengthen their ethics’ monitoring and control systems as well as clear instruments that they can use for that effect.

The TFA&E guidance was prepared based on the good practices identified by the TFA&E and considering the requests for guidance included by SAIs in the comments to the ISSAI 30 exposure draft that were not addressed in the final version of the ISSAI 30.

➤ **Strengthen the ethics’ monitoring and control systems in SAIs: liaise with IDI**

During the period, IDI identified ethics related issues as a priority for SAI’s capacity building needs and designed a programme called “*SAIs Fighting Corruption*”. Implementation of ISSAI 30 is one of the major components of this programme. IDI has requested information and comments from the TFA&E to this programme. The TFA&E has ensured that the guidance produced by IDI and by the TFA&E are consistent and complementary, avoiding gaps and overlaps.

¹ Identified by the TFA&E initial survey.



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

➤ **Issue common guidelines to audit ethics/integrity: map existing methodologies and organise seminar**

During 2014-2017, the TFA&E conducted a comprehensive research and analysis on how SAIs can enhance their role in promoting an ethical culture in public organisations and on methodological and measuring tools that they can use for that purpose.

A seminar was organised by the SAI of Turkey in November 2015 and an electronic follow up seminar was set up in January-March 2016 to explore the several possibilities and methods. The subject was further explored during the TFA&E meetings. In this process we identified and discussed experiences and contributions from several partners : SAIs of Brazil, Costa Rica, Croatia, European Court of Auditors, Hungary, Israel, Netherlands and United Kingdom, AFROSAI-e, ECIIA, Land Registry of Turkey, UK Internal Audit Agency, Council of Europe and the University of Leuven.

The TFA&E signed a protocol with IDI to use their e-learning platform to hold the electronic seminar and to progress in this project.

The TFA&E also liaised with IDI concerning the audit component of the *SAIs Fighting Corruption* programme.

➤ **Issue common guidelines to audit ethics/integrity: draft common guidance**

Based on all the shared knowledge obtained, the TFA&E drafted guidelines on how to audit ethics.

➤ **Issue common guidelines to audit ethics/integrity: ethical approach in the audit of public procurement**

Because public procurement is an area where corruption risks are high, the TFA&E considered that it should promote an ethical approach in the audit of public procurement. Since there was a Task Force in INTOSAI to draft guidelines for public procurement audit, chaired by the SAI of Russia, the TFA&E decided not to undertake this task directly, but instead, to promote and help that INTOSAI TF to include such an approach in its guidelines. This was successfully achieved, mainly through the initiative of the SAIs of Russia and Portugal.

➤ **Raise awareness and encourage SAIs to audit ethics related issues**

This activity was undertaken mainly through workshops, presentations and documents' delivery. It took place namely at the:

- IX EUROSAI Congress- The Hague (2014)
- VIII EUROSAI-OLACEFS Conference- Quito (2015)
- TFA&E Seminar "*Methods and Measuring Tools to Audit Ethics*"- Ankara (2015) and electronic follow up seminar on the same subject (2016)
- GT1/TFA&E Integrity Conference- Budapest (2016)
- International Integrity Seminars- Hungary (2016 and 2017)
- TFA&E meetings with staff from hosting SAIs- Rome (2015), Ankara (2015), Madrid (2016), London (2017)
- XXII INCOSAI, Abu Dhabi (2016)
- EUROSAI GTs 2 and 3 meetings (2014 to 2017)

➤ **Monitor and update the list of SAIs' ethics related audit practices**

The TFA&E has conducted a new survey about SAIs ethics related audit practices and methodologies in 2015 and used the survey



outcome to identify experiences to be further explored and shared and to feed the work on the guidelines.

➤ **Disseminate progress: the TFA&E papers and webpage and the EUROSAI website**

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

This website includes a public part comprising:

- Useful information about the TFA&E (objectives, members, contacts)
- ISSAI 30
- Activities (working plan, reports, survey, papers, articles)
- Meetings (agenda, participants, minutes, documents)
- Seminars and Workshops (programme, participants, documents, recorded sessions)
- Videos
- Cooperation
- Documents
- Photos
- Links

There is also a Member's section, log-in and password protected, where working or reserved documents can be found only by authorised persons within the membership of the TFA&E. This includes the national documents provided by SAIs in annex to surveys, the papers provided by ASOSAI and also some reserved documents shared by external partners.

The EUROSAI website includes a general presentation about the TFA&E with a link to its main documents and to the TFA&E webpage. The products of the TFA&E are included in the EUROSAI database of products, the audit reports of SAIs concerning ethics related issues



are included in the EUROSAI database of audit reports and the results of the TFAE surveys are included in the EUROSAI database of surveys.

The TFA&E has delivered hard and electronic copies of its products in many events and SAIs and included articles in EUROSAI Magazines about the activities in which it engaged.

➤ **Cooperation**

Previously we have mentioned that the TFA&E established cooperation with other INTOSAI, regional or external partners to conduct its activities: IDI, PSC, AFROSAI, OLACEFS and some of its SAIs, GIZ, ECIIA, national internal audit bodies, Council of Europe, Universities.

We must also highlight the cooperation with OECD. During the period under reporting, a representative of the Chair of the TFA&E has been participating in the meetings promoted by the Public Sector Integrity Division of OECD and, notably, in the discussions towards the approval of the OECD Recommendation on Public Integrity. Moreover, a representative of OECD, Mr Janos Bertok, was a member of the Jury for the video competition "*Ethics Matters*".

PASAI has asked the TFA&E to include some of the documents produced by us in a toolkit prepared by this regional organisation.

Although it was not possible to engage further with new external partners, an interest to benefit from the TFA&E work was shown by some cooperation agencies. These agencies asked the TF to contribute to EU funded anti-corruption training programmes in Greece, Croatia and Ukraine.

4. The TFA&E results

The Members of the TFA&E have discussed, during the last meeting held in London, in February 2017, the results achieved so far and the lessons learnt from the steps undertaken.

The outcome of this discussion and the visible results of the described activities can be summarised as follows:

- ✓ The work of the TFA&E has contributed, both at EUROSAI and at SAIs levels, to raise awareness and improve understanding about ethics, ethical culture and its importance in the SAIs' functioning and impact.
- ✓ The TFA&E has succeeded in putting ethics on the agenda of EUROSAI and at international level, mainly through a very active dissemination of the work done. This is confirmed by the growing interest of SAIs and other INTOSAI groups, regional organisations and external partners towards the work of the TFA&E.
- ✓ The initiative of meeting with staff from the SAIs hosting events has proved successful. The EUROSAI Governing Board expressly recognised it as a very good practice and recommended other groups to replicate it.
- ✓ The TFA&E has strongly promoted the exchange of knowledge and experience in the field of ethics management, identifying good practices and tools and preparing guidelines and practical materials. These materials are all quite useful for SAIs and inspire them to establish and implement their codes of ethics and develop their internal ethics management.



In the recent EUROSAI self-assessment, EUROSAI members ranked the TFA&E documents about “*Ethics within SAIs*” as the 3rd more relevant output of EUROSAI.

PASAI has included the TFA&E products in their own guidance.

- ✓ The significant input provided into the new ISSAI 30 is a very meaningful and sustainable result, complemented by the practical guidelines for its implementation by SAIs.
- ✓ The two areas of the TFA&E activities deal with issues that are current challenges for SAIs: how to change culture regarding ethics and integrity, both internally and externally.
- ✓ The TFA&E work on auditing ethics is important because it relates with a completely new field for SAIs. In the recent EUROSAI self-assessment, EUROSAI members ranked the TFA&E paper about “*Auditing ethics in the public sector*” as the 2nd most relevant output of EUROSAI. The guidelines now presented to conduct these audits may prove quite useful for SAIs.
- ✓ The e-learning approach adopted was quite efficient.
- ✓ The SAI of Hungary has publicly recognised the good work of the TFA&E in promoting integrity in the public sector, by awarding the SOLIDUS award 2017 to a member of the Court of Auditors of Portugal based on the work developed in the TFA&E.

5. Outlook

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

The TFA&E follows one of the VIII EUROSAI Congress recommendations that was a priority of the Portuguese Presidency of EUROSAI. Although it has mostly fulfilled its 2012-2014 and 2014-2017 working plans, the progress made by the TFA&E and the expectations raised by its members show that there remains scope for considering the need for further work to be done in this field, as detailed hereafter:

- Initiatives and practices to manage ethics in European SAIs are still very asymmetric and the ethics control function is not yet sufficiently developed
- ISSAI 30 review process was an excellent opportunity for EUROSAI to contribute to develop and strengthen it and for requirements and recommendations on the implementation of ethics control system to be established. However, the approval of the new version of this ISSAI is very recent (December 2016) and there is now a significant challenge for SAIs to implement it. The TFA&E is in a privileged position to promote and support this implementation and to continue sharing experiences and lessons learnt on how to do it.
- The culture of ethics in any institution implies dealing with people and their behaviour. Change in this regard is induced by individual awareness and is favoured by a permanent concern and reminder. On the other hand, ethics is a very important pre-requisite for SAIs to be credible and respected by their stakeholders and to lead by example as required by ISSAIs. Therefore, ethics should be a permanent concern in the agenda of SAIs and of EUROSAI.
- The TFA&E has just finalised guidelines on the implementation of ISSAI 30 and on how to audit ethics and is finalising guidance on ethics training. Experience shows that products developed by



working groups need to be strongly disseminated to be known and used. Furthermore, they should remain as open documents to be tested and completed or modified as needed.

- EUROSAI members are not yet completely aware of the possibilities they can explore in auditing ethics related issues and promoting integrity in the public sector. The now finalised guidelines in this area can be disseminated, tested and fine-tuned, with the support of the TFA&E.
- Other organisations and external partners, such as IDI, regional organisations of SAs and OECD, have expressed their interest in cooperating with EUROSAI for issues related with ethics and integrity.
- The Integrity Conference in Budapest, 2016, concluded that EUROSAI must keep attention and effort in strengthening integrity and integrity audit.
- Although the 2014-2017 working plan has been almost completed, some projects included there could not be implemented: electronic forum, ethics' self-assessment and peer review encouragement, update surveys and pilot testing guidance. The main reason was the delay in all projects deriving from the need and advantage to refer all works to the new version of ISSAI 30 and the fact that this ISSAI was very recently approved.
- The TFA&E has won recognition as a brand and keeping this brand may be an advantage at this stage.
- The current members of the TFA&E are enthusiastic and committed in continuing the exchange of experiences and further development in the field.

6. New mandate and working plan

For the above-mentioned reasons, it seems important to continue ensuring a sustainable response to EUROSAI members and other interested parties'



needs and interest both in the fields of ethics' management and ethics' audit, and their promotion in public sector.

In that sense, **the TFA&E**, based on the commitment of its members and taking into account the expertise it develop over time, **suggests to the EUROSAI Governing Board to consider proposing to the EUROSAI Congress to extend the Task Force mandate until 2020**. This extension would have the main objectives of supporting the implementation of ISSAI 30 in the EUROSAI community and encouraging EUROSAI members to promote integrity in the public sector.

According to the Task Force unanimous proposal and the willingness of the SAI of Portugal, the Governing Board and Congress are suggested to consider the renewal of *Tribunal de Contas* as chair of the TFA&E. This also entails the willingness of the TFA&E members to actively continue leading and contributing to the concrete projects to be developed.

It seems advisable that, based on a thorough assessment, EUROSAI rethinks by 2020 the need and format to deal with ethics and integrity issues.

If this mandate is confirmed, the Task Force intends to focus its activities on the implementation of standards and guidance developed, through the following projects:

MAINSTREAM 1: SUPPORT IMPLEMENTATION OF ISSAI 30

Objectives	Activities/Projects
1. Continue to raise awareness on the importance of ethics as a pillar of SAIs	Finalise and test training model in pilot courses
	Prepare materials for raising awareness (v.g. practical dilemmas' presentation, videos, flyers, brochures, etc.)
	Disseminate ISSAI 30
	Disseminate and translate the TFA&E guidance on how to implement ISSAI 30
	Coach SAIs as needed
	Test and complete guidance and further develop control and evaluation tools

Objectives	Activities/Projects
2. Support European SAIs in implementing ethics control systems	Encourage ethics self-assessment, internal evaluation and peer review as a regular practice in SAIs, in liaison with the IntoSaint initiative and supporting a post-assessment approach
	Review existing instruments and guidance as concerns consistency with the ethics management principles and suggest modifications as appropriate
3. Monitor SAIs' ethical frameworks and practices as a tool for improvement	Update the list of SAIs' ethics frameworks and practices
	Conduct a self-assessment on where EUROSAI members stand in implementing ISSAI 30
4. Follow/support work of IDI, other regional organisations, OECD and other partners	Liaise and support other partners' work as advisable and possible

MAINSTREAM 2: ENCOURAGE SAIs TO PROMOTE INTEGRITY IN PUBLIC SECTOR

Objectives	Activities/Projects
1. Disseminate guidelines to audit ethics/integrity	Disseminate and translate guidelines
	Assist SAIs as needed in implementing guidelines
	Test guidelines in pilot audits
	Share experiences and lessons learnt
2. Raise awareness and encourage SAIs to promote integrity in public sector and to audit ethics related issues	Implement initiatives to encourage the SAI's role in promoting integrity in the public sector and in including ethics as an element of the audit process
	Publish articles/papers
	Monitor and update the list of SAI's ethics related audit practices
	Conduct a new survey by the end of the period and compare results with the previous survey



For both mainstreams

Objectives	Activities/Projects
1. Disseminate progress both to EUROSAI Members and to other INTOSAI Regional Working Groups	Organise meetings/seminars/workshops
	Permanently review and update of the TFA&E website structure and content
	Create a community of practice in the INTOSAI KSC-IDI Community Portal and use the electronic platform in the TFA&E activities
	Liaise with other INTOSAI Regional Working Groups and include them in the TFA&E activities

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