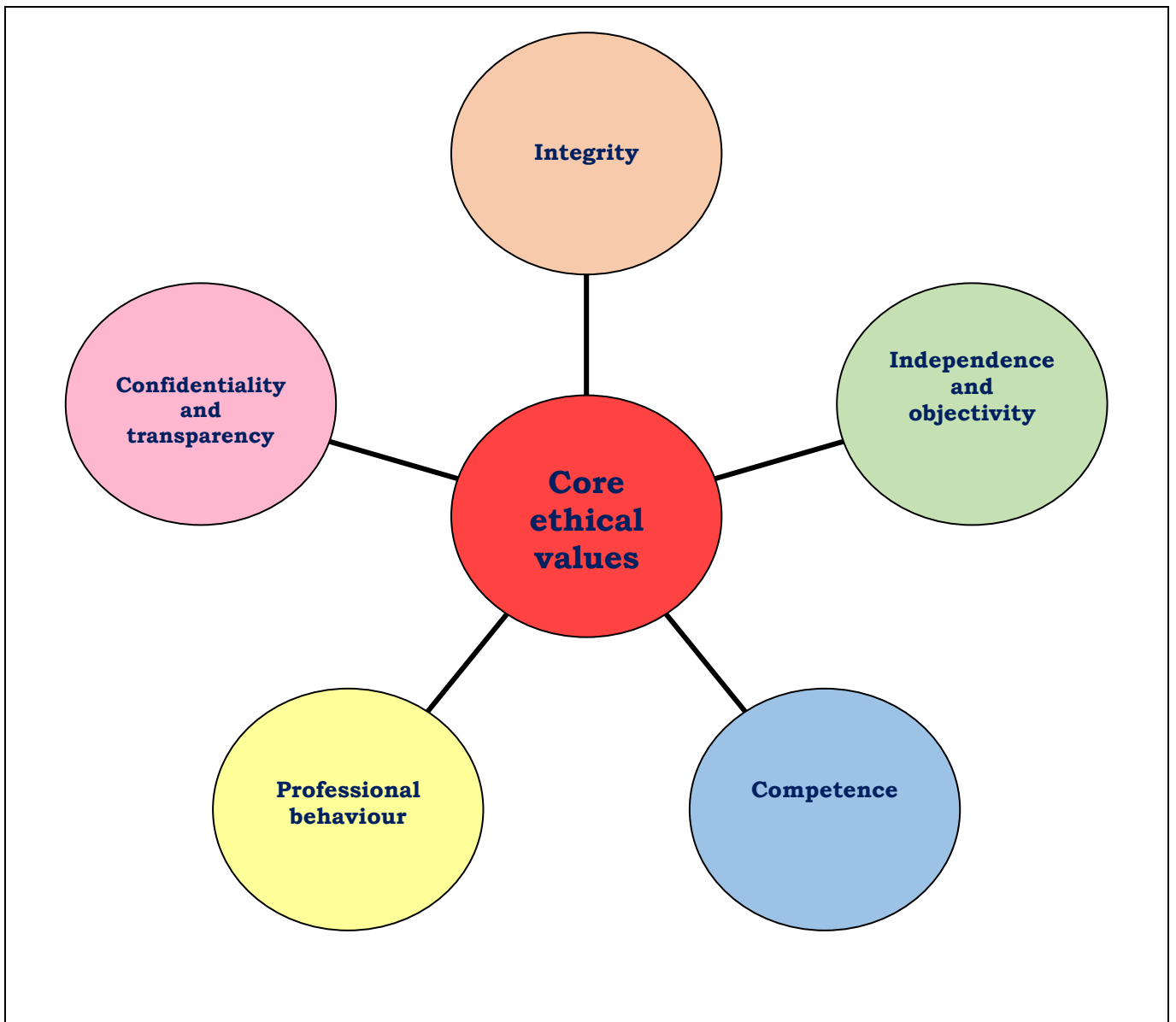




CODE OF ETHICS OF THE STATE AUDIT OFFICE



Zagreb, December 2020



Pursuant to the provision of Article 16 of the State Audit Office Act (Official Gazette 25/19) and Article 9 of the Statute of the State Audit Office, KLASA: 012-03 / 19-01 / 1, URBROJ: 613-01-01-19 -1, dated September 19, 2019, the Auditor General enacts

CODE OF ETHICS OF THE STATE AUDIT OFFICE

I. GENERAL PROVISIONS

1. The Code of Ethics of the State Audit Office (hereinafter: the Code of Ethics) is based on the Code of Ethics of INTOSAI - ISSAI 130 as an integral part of the Professional Disclosure Framework (principles, standards and guidelines) of the International Organization of Supreme Audit Institutions (INTOSAI).
2. It regulates the conduct of all employees of the State Audit Office (hereinafter: the Office). The provisions of this Code of Ethics relating to the Auditor General, Deputy Auditor General, managers and state auditors constitute the Code of Professional Ethics of State Auditors.
3. The Code of Ethics contains fundamental ethical values and principles, risks and controls, and the manner of ethics management in the Office.
4. The employees of the Office accept the obligations and requirements arising from this Code of Ethics, as well as from all regulations related to the auditing profession. Therefore, the legal provisions on the Office and audit are only a minimum of what guides employees in the performance of their professional responsibilities. The principles and rules established by this Code of Ethics require conduct in accordance with the adopted values, even with the waiver of personal gain and when it is not prescribed by law.
5. The conduct of the employees of the Office must be ethical in all circumstances inside and outside working hours.
6. The values and principles established by the Code of Ethics are the starting points on which the rules of ethical and professional conduct of the Office and the conduct of all employees are based.
7. With regard to various tasks, this Code of Ethics specifically determines the values and principles, risks and controls: at the level of the Office, the Auditor General and Deputy Auditor General, managers, state auditors and civil servants and employees.
8. The Auditor General shall establish the Ethics Framework, which, in addition to this Code of Ethics, shall contain other rules and procedures related to ethics and guidelines for their application in the work of the Office and all employees inside and outside working hours. The ethical framework is an integral part of the Office's strategic plan.



Employees of the Office sign a Statement stating that they are familiar with the Ethical Framework and the Code of Ethics and that they will apply the ethical values and principles set out in these documents in their work.

Definition of terms

In terms of this Code of Ethics, certain terms have the following meaning:

9. *The ethics of the State Audit Office* is a form of business ethics, and is defined as a set or system of ethical values, ethical principles, rules and procedures according to which the Office and its employees should act in performing their tasks.
10. *The Code of Ethics* is a document issued by the Auditor General, and is intended for the Office and all employees. It contains ethical values and principles on which the behaviour of all employees is based, gives instructions on how to incorporate ethical values into everyday work and life, and in special circumstances in which the Office organizes and performs tasks within its competence.
11. *Ethical values* are concepts, i.e. notions of what is important and on which the decisions of the Office and the decisions of the employees of the Office should be based.
12. *Ethical principles* are guidelines on how ethical values should be applied in practice and what appropriate behaviour should be.
13. *An ethical framework* is a set of values and principles, rules and procedures that form the basis of ethical practice and provide guidance for the ethical conduct and conduct of employees. It is an integral part of the Office's strategic plan and provides the preconditions for ethical values and ethical principles to have a lasting impact on the behaviour of employees during their work and in their personal lives.
14. *Conflict of interest* is a situation in which the personal interests of public sector employees are in conflict with the public interest, i.e. any situation in which a public sector employee has the opportunity to favour himself or close persons, social groups and organizations, to the detriment of public interests.
15. *Government officials* are the Auditor General and the Deputy Auditor General
16. *The managers* are assistant auditors general, heads of departments and heads of regional offices.
17. *State auditors* are employees of the Office who hold a certificate of certified state auditor, and candidates for certified state auditor.



18. *Civil servants and employees* are employees in professional services and assistant auditors.
19. *Competence* means the ability of employees of the Office to apply or use knowledge and skills; it implies both the behaviour and the personality necessary to successfully perform key tasks, special functions, or certain jobs or duties.

II. BASIC ETHICAL VALUES, RISKS AND CONTROLS

The basis of this Code of Ethics is the following five fundamental ethical values: integrity, independence and objectivity, competence, professional behaviour, confidentiality and transparency.

20. ***Integrity*** is one of the main ethical values, according to which the employees of the Office are obliged to adhere to high standards of conduct during their work and in personal relations and to act honestly, sincerely and reliably, in good faith and in the public interest. When performing the tasks entrusted to them, the employees of the Office should show the highest level of professional behaviour and personal integrity; they should treat their colleagues in the Office and the auditees namely their employees, politely and with respect, correctly and objectively; they should express a positive attitude and self-initiative in the performance of their duties; in the performance of the tasks entrusted to them, they may not grant or accept any privileges and privileged access (treatment) on the basis of any special relationship; tasks should be performed in a timely, efficient and effective manner; they must not act in a way that will arouse suspicion and mistrust in others.
21. Integrity implies that state auditors, in performing the tasks entrusted to them, respect the values of the Office, ie professionalism, responsibility and reliability, independence, impartiality, conscientiousness, ethics and teamwork, and apply INTOSAI standards. Employees of the Office may not perform work in which they are or could be in conflict of interest or which could jeopardize their reputation and / or the reputation of the Office or could be of personal benefit.
22. The state auditor must perform his professional duties conscientiously and honestly. Honesty requires the state auditor to consistently apply ethical values and principles and the principles of independence and objectivity in the performance of his work.
23. The State Auditor is obliged during his work, as well as in relations with the employees of the audited entity, to meet the standards of honest and impartial conduct.
24. In order to preserve public confidence, the conduct of the State Auditor must be beyond any doubt and without objection.



25. **Independence and Objectivity** are ethical values according to which the Office and its employees must be free from influences that may compromise them or may be perceived as such, they are obliged to make professional judgments and act in an impartial manner (without favouritism).
26. In order for the state auditor to be able to perform responsibly and fairly what the public expects of him, it is necessary to achieve such a degree of independence that will provide him with the possibility of impartial action and the possibility of an objective assessment of the facts.
27. The state auditor must behave in a way that will always protect and increase his independence.
28. In all matters concerning audit work, the independence of the state auditor must not be jeopardized by personal or external interests. For example, independence may be compromised by external pressures or influences on the state auditor, the state auditor's prejudices about persons, auditees, projects and programs, personal or financial relationships that create a conflict of loyalty and interest.
29. The state auditor must act objectively in the cases and topics he examines. The objectivity and impartiality of the state auditor must be present throughout the work, and especially during the preparation of the report, which must be accurate, fair and objective. The findings and conclusions of the report, as well as the opinions expressed, must be based solely on the evidence obtained and processed in accordance with the framework of auditing standards of the International Organization of Supreme Audit Institutions (INTOSAI).
30. It is necessary for the state auditor to be independent and impartial not only in his actions but also in his performance.
31. The state auditor must be impartial in conflicts of interest or the influence of others and must not have prejudices that would be above the principles of objectivity and independence. To protect its independence, the state auditor must avoid any possible conflict of interest by refusing to accept any gift that may affect his or her independence and integrity or may be interpreted as such by others. Due to the necessary real and presumed political impartiality of the state audit institution, it is essential that each state auditor maintains its independence from political influence in order to relieve its audit independence in a consistent manner.
32. The State Auditor must never use his position for private purposes and must avoid relationships that involve a risk of corruption or that may cast doubt on his independence and objectivity.
33. **Competence** is an ethical value according to which the state auditor is obliged to acquire and maintain appropriate knowledge and skills



appropriate for a particular task and to act in accordance with applicable standards.

34. The state auditor must perform audit work with due attention, ability and diligence and acquire new necessary knowledge and skills in order to always be able to express expert assessments of what is the subject of his activities.
35. The state auditor must know and adhere to the norms, policies, procedures and practices applied in the field of state audit, accounting and public financial management. Equally, he must be well acquainted with and follow the legal and other regulations and the principles and standards that govern the work of the audited entity.
36. **Professional behaviour** is an ethical value that requires employees of the Office to harmonize their activities and procedures with relevant laws, other regulations and practices and to avoid conduct that may jeopardize their reputation and the reputation of the Office.
37. The state auditor may perform only those audit tasks for which he is sufficiently professionally qualified to be able to express a relevant assessment of the subject of his examination.
38. The state auditor must comply with the rules contained in the legal and professional regulations governing the issue of state audit in performing the audit and in performing the audit of related tasks.
39. **Confidentiality and transparency** is an ethical value according to which the employees of the Office are obliged to maintain the confidentiality of information in such a way as to ensure a balance with the requirement of transparency and accountability. The state auditor must respect the confidentiality of information obtained during the audit process and may not publish or use it in any way without the approval of the Auditor General.

Risks and controls

40. *Risks* pose a 'threat' to ethical values. They show 'vulnerabilities' and weaknesses that can lead to non-compliance with ethical values and principles.
41. They occur due to the influence of a number of risk factors, such as:
 - political influence
 - external pressure from auditees or other entities
 - personal interest as a consequence of the financial or other interests of state auditors or a member of their immediate family
 - conflict of interest
 - inappropriate bias related to previous judgments of the Office or employees
 - advocating the interests of auditees or other parties that affect
 - objectivity



- long-term and close relationships that may cause excessive and
- unjustified understanding of the interests of the auditees
- deterrence - which may affect the objectivity of state auditors.

42. The Office establishes **protective measures, i.e. controls**, in order to reduce the risk of unethical behaviour to the lowest possible level. Protective measures are established by decisions and rules that form part of the Office's Ethics Framework. In addition to the Code of Ethics, they include rules to prevent conflicts of interest, disclosure of property data (for officials), rules regarding the receipt of gifts, rules on conduct after termination of employment, rules on how to report irregularities and whistle-blower protection, training and counselling, rotation of auditors in carrying out audits and the rules on reporting and dealing with any risk referred to in paragraph 41.
43. Protective measures, i.e. controls are established by the Auditor General by a decision or other internal act.

III. RESPONSIBILITY OF THE STATE AUDIT OFFICE

44. The Office is responsible to:
- promote and protect ethics and ethical values related to integrity, independence and objectivity, competence, professional behaviour as well as confidentiality and transparency in the Office and in carrying out tasks within the competence of the Office
 - emphasize the importance of ethics and promote ethical culture in the organization
 - require employees to always act in accordance with the values and principles set out in this Code of Ethics
 - provide assistance and support to employees to facilitate their understanding and application
 - establish a mechanism for recognizing the risk of unethical behaviour that threatens to violate fundamental ethical values
 - establish appropriate controls, including rules and procedures, to minimize the risk of unethical behaviour
 - establish a mechanism for dealing with non-compliance with ethical values, including the protection of those who report suspected non-compliance with ethical values
 - establish procedures for resolving identified conflicts between the ethical requirements set out in this Code of Ethics and the standards of professional bodies whose members may be employees of the Office.

Integrity

45. The Office strengthens / protects **integrity** by:
- emphasizes, supports and promotes integrity as an ethical value of the Office
 - adopts and publishes rules and procedures regarding the reporting of unethical behaviour, i.e. breach of integrity



- takes timely action to eliminate the reasons that led to unethical behaviour, i.e. violation of integrity, and, when justified, take measures to sanction the perpetrators of violation of integrity.

46. The basis for strengthening integrity is:

- Ordinance on the conditions of use of official cars, mobile phones, scheduled airlines, business credit cards and representation funds
- Ordinance on the manner of approving and conducting business trips
- Ordinance on financial and material operations of the State Audit Office
- policies regarding whistle-blowers and protection of whistle-blowers, commissioners for irregularities, gifts, benefits, hospitality, work in other organizations, disciplinary responsibilities, rules and procedures for procurement - procurement plan, Ordinance on simple procurement
- the Ethics Commissioner.

Independence and objectivity

47. ***The independence and objectivity*** of the Office is established by the Constitution of the Republic of Croatia and the Law on the State Audit Office.

48. The Office shall ensure the independence and objectivity by:

- independent and autonomous planning and performance of audits to the extent provided for in the annual program and work plan
- independent and autonomous decision-making and shaping the content of the audit report and the annual work report
- independent and autonomous decision-making on deadlines and manner of reporting to the Croatian Parliament and other public.

49. The basis for strengthening independence and objectivity is:

- Law on the State Audit Office
- Strategic and Action plan
- Guidelines for the development of the Annual program and work plan of the Office
- the Annual program and work plan of the Office
- rules on the conduct of employees when they are personally connected (friendly, relatives, etc.) with the auditees, the subject or the representatives of the audited entities
- rules of conduct for employees when the auditee seeks advice or other non-audit services from them (may not provide advice or other non-audit services to auditees, if such services involve assuming anagement responsibilities)
- rules of conduct for employees when they are subjected to political or other forms of pressure.



Competence

50. The Office determines the necessary *competence* of employees related to professional knowledge and skills, such as teamwork, communication, innovation, motivation, focus on achievement, analytical skills, focus on the auditee and subject of the audit, the ability to negotiate and influence others, people management, project and resource management, and digital literacy.
51. The Office determines competencies for different groups of employees, establishes rules for recruitment and promotion and remuneration of employees according to their abilities, establishes rules for determining teams that can successfully perform the task entrusted to them, conducts assessment of needs for training and acquisition of new knowledge and skills throughout the Office and in accordance with the identified needs adopts a training plan.
52. The Office provides employees with the necessary support, tools for improving knowledge and information exchange, and control (supervision) of their work.
53. The basis for the *competence* of the Office are:
 - Ordinance on internal order and systematization of jobs, which determines the knowledge and skills needed by the employees of the Office in order to perform the entrusted tasks, i.e. to perform the tasks within the competence of the Office; a list / overview of required competencies of groups of employees (state auditor, senior state auditor, head of regional office, assistant auditor general, clerk, senior expert clerk, head of service, etc.) is attached to the said Ordinance
 - rules governing the recruitment, remuneration and promotion of employees by internal acts
 - rules for determining teams that jointly have the necessary knowledge and skills to perform a particular task
 - audit manuals, instructions and guidelines
 - policies, regulations, plans and programs that regulate the training of employees and the manner of acquiring the necessary skills
 - tools to improve knowledge and exchange information and encourage employees to use these tools (Audit Monitoring Program, Intranet, website, cloud, etc.).

Professional behaviour

54. The Office has regulated *professional behaviour* of employees by internal acts, work methodology, rules and procedures which emphasize the importance of adopting and applying standards of professional conduct in accordance with regulations and accepted professional practice and society practice to ensure prerequisites for employees to act in accordance with laws and other regulations, rules of the profession, i.e. International Standards of Supreme Audit Institutions and the provisions of this Code of



Ethics, and thus meet the expectations of auditees, the Croatian Parliament and other interested public.

55. Professional behaviour includes competencies and professional ability, independence in work, drawing conclusions and giving orders, recommendations and opinions, objectivity, confidentiality and results of work of expected quality.
56. Employees of the Office are obliged to act in accordance with the relevant laws and other regulations and professional standards.
57. Employees of the Office are obliged to avoid any action that they know or should know that damages the reputation of the state audit and their personal reputation.
58. The Office ensures monitoring of professional behaviour of employees by collecting feedback from audit entities and other users of audit reports based on the questionnaire which is an integral part of this Code of Ethics and self-assessment of employees based on the questionnaire which is also an integral part of this Code of Ethics.
59. The Office develops a culture of excellence and personal responsibility and improving the quality of work results by taking care of the impact that the results of the Office's work can and should have on the lives of citizens, i.e. the interests and trust of the public.

Confidentiality and transparency

60. The Office shall ensure the **confidentiality of audit-related information** in accordance with regulations in a manner that ensures that the principles of confidentiality are balanced with the principles of transparency and accountability.
61. The information collected may not be used by the Office or employees for personal gain or the benefit of third parties. Knowledge that could create an unfair or unreasonable advantage for other individuals or organizations must not be disclosed, nor may such knowledge be used to harass others.
62. In order to ensure respect for and application of the values and principles of confidentiality and transparency in day-to-day operations, the Office has adopted rules and procedures that are part of the Office's Ethical Framework, relating to:
 - guidelines for communication with the Croatian Parliament, the media and other interested publics
 - employee confidentiality statements
 - instructions and guidelines to employees on information, documents and other materials that are considered or may be confidential and guidelines for handling confidential information, documents and other materials
 - through the Department of Legal Affairs, the possibility of advising the



- competent assistant state auditors, chiefs and chiefs on confidential information, documents and other materials, especially when in doubt
- instructions on archiving and access to archived confidential information, documents and other materials.

IV. RESPONSIBILITY OF STATE OFFICIALS

63. The Auditor General as head of the Office and the Deputy Auditor General are responsible for establishing, managing, supporting and promoting the ethical values of the Office and its employees. They are obliged to promote ethical values in the Office as a whole and with their ethical behaviour and actions to be an example to the employees of the Office and to set the *tone from the top*.

Integrity

64. The Auditor General and the Deputy Auditor General should be an example to others by acting professionally, honestly, reliably, in good faith and in the public interest. Through their work and behaviour, they should build the trust of employees and the public, they should act in accordance with the policies and standards of the Office and the Law on the Prevention of Conflicts of Interest.
65. Pursuant to the said Law, the Auditor General and the Deputy Auditor General, as officials, must act honestly, fairly, conscientiously, responsibly and impartially in the performance of public duties, preserving their own credibility and the dignity of the duties entrusted to them and the trust of citizens.
66. The Auditor General and the Deputy Auditor General should create an environment conducive to employees to identify and warn of violations of ethical values and principles and to respond to such violations in a timely and appropriate manner.
67. Threats or risks of non-compliance by officials with the stated value are:
- personal, financial or other interest or relationship that is in conflict with the interests of the Office
 - accepting gifts or thanks
 - abuse of power for personal gain
 - participation in political activities, participation in pressure groups, lobbying, etc.
 - access to sensitive and / or confidential information
 - access to and use of the Office's valuable resources.
68. The Auditor General and the Deputy Auditor General, as officials, are prohibited from:
- receiving or demanding a benefit or a promise of benefit for the performance of duties



- exercising or obtaining a right in case the principle of equality before the law is violated
- abusing the special rights of officials arising from or necessary for the performance of their duties
- receiving additional remuneration for the performance of public duties
- to seek, accept or receive a value or service for the purpose of voting on any matter or to influence the decision of a body or person for the personal gain or gain of a related person
- promising employment or some other right in exchange for a gift or promise of a gift
- influencing the acquisition of jobs or public procurement contracts
- using privileged information on the activities of state bodies for personal gain or the gain of a related person
- otherwise using the position of the official by influencing the decision of the legislature, executive or judiciary to achieve personal gain or gain of a related person, any privilege or right, enter into a legal transaction or otherwise benefit himself or another related person.

Independence and objectivity

69. The Auditor General and the Deputy Auditor General should:
- maintain independence from political influence and be politically impartial
 - avoid participation in public political activities and public expression of political views, which may create a public perception of their independence and objectivity
 - avoid circumstances in which personal interests could affect independence and objectivity in decision-making
 - refuse gifts, thanks or preferential treatment, which could impair their independence or objectivity
 - should be aware of situations and circumstances that may become a threat to their independence and objectivity.
70. Threats or risks that may affect the independence and objectivity of the Auditor General and the Deputy Auditor General are most often:
- political influence and / or other form of external pressure from audit entities or other legal and / or natural persons
 - personal interests
 - direct and / or indirect close private and professional relations with the audited entity
 - liaison with other entities with which the Office has a contractual or other relationship.
71. The controls or protective measures that should ensure the independence and objectivity of the Auditor General and the Deputy Auditor General are:
- avoiding circumstances that may affect their independence and objectivity
 - avoiding circumstances in which self-interest could influence business decisions, position or treatment, which could affect their independence
 - rejection of a call for work or involvement in the management or decision-making of the auditees



- providing data for the register of gifts, hospitality, thanks, conflicts of interest and close relationships.

Competence

72. The Auditor General and the Deputy Auditor General shall have the knowledge and skills, personality and conduct appropriate to the performance of the duties to which they have been appointed.
73. They are obliged to perform their work in accordance with regulations and professional auditing standards, procedures and methodology of the Office and to maintain and develop their knowledge and skills at the highest level in line with developments in the profession and professional environment and thus perform their work in the best way.

Professional behaviour

74. The Auditor General and the Deputy Auditor General should act in accordance with the laws and other regulations governing the operations of the Office.
75. Professional conduct includes competences and professional ability, as well as independence in decision-making.
76. The Auditor General and the Deputy Auditor General should avoid any action that they know or should know infringes on the reputation of the State Audit Office, their personal reputation and the reputation of the Office.
77. The Auditor General and the Deputy Auditor General should plan the activities of the Office and the conduct of audits in a manner that will achieve the greatest efficiency and the greatest benefit to citizens.
78. The Auditor General and the Deputy Auditor General should ensure that the Office and audit work is performed by employees who have the necessary knowledge and skills and who possess and respect ethical values in order to ensure a professional approach to the work.
79. They should report to the public responsibly and transparently on the work of the Office and the audits performed. The reports should contain important facts and findings and recommendations given in the audit, in order to provide the public with accurate, objective and timely information on the subjects and subjects of the audit.

Confidentiality and transparency

80. The Auditor General and the Deputy Auditor General should establish rules and procedures of the Office that will regulate the issue of confidentiality and transparency of employees and the Office as a whole, in accordance with professional standards and regulations governing the right to access information and the obligation of transparent operations.



81. They must not use confidential information for personal gain or the benefit of third parties and should be careful in communication due to the possibility of unintentional disclosure of confidential information to third parties.
82. They should respect professional confidentiality, during and after the cessation of public office.

IV. RESPONSIBILITY OF THE MANAGERS

83. Managers are responsible for running the departments and regional offices for which they are in charge in a way that will create the preconditions for professional work and achieve excellence for them as managers and all employees to whom they should be an example.
84. They should support initiatives at the departmental or regional office level that promote ethical values in their departments or regional offices, as well as the Office as a whole.
85. They should assess whether a positive environment and mood has been created in their department or regional office for employees who understand the importance of applying ethical values in their daily lives and work, and take action where necessary to eliminate possible threats.
86. Managers are responsible for making proposals to the Auditor General and the Deputy Auditor General to establish, manage, support and promote the ethical values of the Office and its employees. They are obliged to promote ethical values in the Office as a whole.
87. By their conduct and act, and respect for ethical values and principles, they should be an example to the staff of the Office and set the *tone from the top*.
88. Ethical management should be one of the fundamental competencies of managers.

Integrity

89. Managers should set a good example by acting honestly, confidently, in good faith and in the public interest. As part of their work, they need to build the trust of employees and the public.
90. They must act honestly, fairly, conscientiously, responsibly and impartially while preserving their own dignity and the dignity of the persons with whom they cooperate.
91. Managers need to create an environment that promotes ethical values and the importance of their application in their daily work and testify to this by their own example.



92. They should regularly participate in trainings and events that promote a culture of integrity, acquire knowledge and skills related to integrity and transfer their knowledge to other employees.
93. Any breach of ethical values and principles should be addressed appropriately and in a timely manner.
94. Threats or risks that may affect the integrity of a manager are equivalent to the threats or risks listed in paragraph 70.
95. Controls or protective measures to reduce the risk of unethical managerial behaviour to an acceptable level are equivalent to the controls or protective measures referred to in paragraph 71.

Independence and objectivity

96. The independence and objectivity of managers implies independence from political influence and political impartiality, as well as independence from auditees.
97. Managers should avoid circumstances in which their personal interests could influence decision-making, refuse gifts, thanks or preferential treatment, which could impair their independence or objectivity.
98. Their views and decisions should be based on the principles of independence and objectivity and verified facts.
99. Threats or risks and controls, i.e. protective measures that would reduce the risk of unethical behaviour related to independence and objectivity to an acceptable level are set out in paragraphs 70 and 71 and are the same for the Auditor General, Deputy Auditor General and managers.

Competence

100. Competence means that managers need to perform their work in accordance with applicable standards and with due care, and to maintain and develop their knowledge and skills in order to keep up with developments in their professional environment and thus perform their work in the best way.
101. The competencies required for managers are determined by the List of Competencies for managers, which is an integral part of the Ordinance on Internal Order and Systematization of Posts in the Office.
102. Threats or risks and controls, i.e. protective measures that would reduce the risk of unethical conduct related to competence to an acceptable level, are determined in paragraphs 71 and 72 and are the same for the Auditor General, Deputy Auditor General and managers.



103. Threats or risks to the manager's competence may arise if the manager does not pay attention to the acquisition of the necessary knowledge and skills and does not improve and harmonize his knowledge and skills with the requirements of the workplace or the environment in which he works.
104. Controls or protective measures that would reduce the risk of insufficient competence to a minimum may be:
 - self-assessment
 - internal (peer) assessment and
 - external peer review that can be used regularly as a monitoring tool, as a way to identify and analyse vulnerabilities and to recommend measures to acquire appropriate competence.
105. The self-assessment form is an integral part of this Code of Ethics and forms part of the Ethics Framework.
106. Internal peer review is performed by managers between themselves in a way that managers, with a lot of trust and discretion, draw the attention of another manager to behaviour that is not in accordance with the fundamental values and principles set out in this Code of Ethics.
107. External assessment (*peer review*) of the ethical infrastructure in the Office may be performed by other supreme audit institutions, if the decision is made by the Auditor General.

Professional behaviour

108. Professional conduct is expected from managers, which means acting in accordance with *the laws, other regulations and guidelines governing the operations of the Office and the rules of the profession.*
109. Managers must not act in a way that could damage their reputation and the reputation of the Office.
110. In their professional work managers should always strive to be creative and enterprising and to show and encourage cooperation in professional relations.
111. They should cooperate with others respecting the principles of collegiality, fairness, impartiality, transparency, honesty and mutual respect.
112. They should be a role model to other colleagues in their work and behaviour.
113. They should pay special attention to the use of the Office's assets and always represent and preserve the reputation of the Office in public, i.e. contribute to building the reputation of the Office.
114. Private affairs and activities not related to the work of the Office should be performed outside working hours and in a manner that must not jeopardize the reputation of the Office.



115. They should prepare and have a professional appearance and appropriate appearance in front of colleagues and other associates.
116. Threats and risks related to professional behaviour are:
- actions that are not in accordance with ethical values, non-compliance with the established legal framework, abuse of one's position and inappropriate actions in relation to others
 - conduct that is not prudent and careful and their actions or opinions endanger the reputation of the Office and jeopardize its work
 - conduct that does not comply with the standards of professional conduct.
117. Controls or protective measures to reduce the risk of unethical behaviour in relation to the professional conduct of managers to an acceptable level are equivalent to the measures set out in paragraph 104.

Confidentiality and transparency

118. Managers should act in accordance with paragraphs 81 and 82 of this Code of Ethics.

V. RESPONSIBILITY OF STATE AUDITORS

Integrity

119. Integrity is a fundamental value under this Code, and state auditors should adhere to high standards of behaviour that imply honesty and integrity in their conduct and behaviour in the workplace and in their relationships.
120. In order to maintain public confidence, the behaviour of state auditors should be beyond suspicion and reproach. That includes:
- state auditors should set a good example by acting honestly, fairly, reliably, in good faith and in the public interest, and should instil confidence in their work as professionals and responsible persons
 - treating everyone, including representatives of auditees and the general public, in a polite and respectful manner, taking care of the dignity of every human being
 - demonstrating a positive attitude and proactivity in the performance of duties, seeking to understand and justify public expectations regarding the work and role of state auditors
 - in the performance of official duties, not giving, not promising or receiving any special benefits and / or preferential treatment
 - timely, cost-effective, purposeful and efficient service delivery
 - acting in accordance with the International Standards of Supreme Audit Institutions, rules and methodology of the Office.
121. Threats or risks that may affect the integrity of state auditors are equivalent to the threats or risks listed in paragraph 70.



122. Controls or protective measures to reduce the risk of unethical behaviour by state auditors to an acceptable level are equivalent to the controls or protective measures set out in paragraph 71.

Independence and objectivity

123. State auditors must not prejudice independence and objectivity, whether real or perceived, which may result from political bias, participation in management, financial or other form of self-interest.
124. In order to ensure the highest level of independence and objectivity, state auditors:
- shall retain independence from political influence and be politically impartial
 - they must not be involved in the management and decision-making of the auditee
 - should avoid auditing entities in which they have recently been employed
 - they should avoid circumstances in which personal interests could affect their judgments and audit work
 - avoid circumstances in which relationships with management or employees of the auditee or other entities could affect their judgments and audit work
 - should refuse gifts, thanks or preferential treatment, which could impair independence or objectivity
 - identify potential threats and situations in which their independence and objectivity may be diminished
 - should inform management of any prior relevant relationships and situations, which could pose a threat to independence or objectivity.
125. Threats or risks that may affect the independence and objectivity of state auditors are equal to the threats or risks listed in paragraph 70 of the Code of Ethics.
126. Controls or protective measures that would reduce the risk of unethical conduct of state auditors to an acceptable level are equal to the controls or protective measures listed in paragraph 71 of the Code of Ethics.
127. Prior to the commencement of each audit, state auditors are required to sign a written statement that they are not affiliated with the auditee in a manner that would call into question their independence and objectivity, i.e. integrity, or could lead to a conflict of interest.

Competence

128. State auditors are obliged to always behave professionally and apply high professional standards in order to perform their duties competently and impartially.



129. State auditors may not accept or perform work for which they are not competent.
130. State auditors should study and apply audit, accounting and financial standards, policies, procedures and good practice.
131. State auditors should have a good understanding and knowledge of the constitutional, legal and institutional principles and standards governing the audit entity's operations.
132. State auditors should perform their work in accordance with applicable standards and should act with due care in accordance with the requirements of the audit work, carefully, thoroughly and in a timely manner.
133. State auditors need to maintain and develop their knowledge and skills in order to keep pace with the development of the profession and the professional environment and thus perform their work in the best possible way.
134. The competencies required by state auditors are determined by the *List of Competences for State Auditors*, which is an integral part of the Ordinance on Internal Order and Systematization of Posts in the Office.
135. Threats or risks related to the competence of state auditors may arise if state auditors do not pay attention to acquiring the necessary knowledge and skills and do not improve and harmonize their knowledge and skills with the requirements of the workplace or environment in which they work or do not know applicable technical, professional and ethical standards to be adhered to or unable to work in a variety of stressful or unfamiliar, uncertain situations, depending on the requirements of the job or task.
136. Controls or protective measures that would reduce the risk of insufficient competence to a minimum may be:
 - self-assessment
 - assessments based on questionnaires submitted to the auditee
 - internal (peer) assessment.
137. The self-assessment form is an integral part of this Code of Ethics and forms part of the Ethics Framework.
138. Internal peer review is performed by managers, team leaders and team members in such a way that each of the above persons, if necessary, with full confidence and discreetly draws the attention of the state auditor to conduct that is not in accordance with the core values and principles established by this Code of Ethics.



Professional behaviour

139. Professional behaviour is expected of state auditors, which includes acting in accordance with the *laws, other regulations and guidelines governing the operations of the Office and the rules of the profession.*
140. State auditors must not act in a way that could damage their reputation and the reputation of the Office.
141. State auditors are obliged to pay sufficient attention to the preparations for the performance of each job, and especially for the performance of the audit, to always strive to be creative and enterprising, and to show, encourage and develop professional cooperation.
142. All conclusions and opinions issued or expressed by the state auditor should be strictly based on the facts, evidence and criteria for conducting the audit.
143. State auditors should cooperate with others respecting the principles of collegiality, fairness, impartiality, transparency, honesty and mutual respect.
144. By their work and behaviour, they should be a role model to other colleagues.
145. They should pay special attention to the use of the Office's assets.
146. In performing audits, as well as in public, state auditors should always represent and preserve the reputation of the Office, i.e. contribute to building the reputation of the Office.
147. Private affairs and activities not related to the work of the Office should be performed outside working hours and in a manner that must not jeopardize the reputation of the Office.
148. They should prepare and perform professionally in front of auditees, colleagues and other associates, taking particular care to dress appropriately. *Guidance on what is considered appropriate clothing* is an integral part of the Ethical Framework of the State Audit Office.
149. Threats and risks related to professional behaviour are:
 - actions that are not in line with ethical values, non-compliance with the established legal framework, abuse of one's job and inappropriate actions in relation to others
 - conduct that is not prudent and careful and their actions or opinions endanger the reputation of the Office and jeopardize its work
 - conduct that does not comply with the standards of professional conduct.



150. Controls or protective measures that reduce the risk of unethical conduct related to the professional behaviour of state auditors to an acceptable level are equivalent to the measures set out in paragraphs 104, 117 and 136.

Confidentiality and transparency

151. State auditors should act in accordance with paragraphs 81 and 82 of this Code of Ethics.
152. Every state auditor is obliged to sign a *Statement on Confidentiality* on the first working day in the State Audit Office. This Statement is an integral part of the Office's Ethics Framework.

VI. RESPONSIBILITY OF CIVIL SERVANTS AND EMPLOYEES

Principles of behaviour of civil servants and employees

153. General provisions and Core ethical values, risks and controls set out in Chapters I and II. of this Code of Ethics also apply to civil servants and employees.
154. In addition to the above, the principles of behaviour of civil servants and employees are established by the Law on Civil Servants, the Code of Ethics for Civil Servants and other regulations. These are:
- performing duties and obligations to act in accordance with laws and other regulations
 - prohibition of abuse of power
 - the duty to refuse offered gifts
 - prohibition of unjustified remuneration of civil servants and employees
 - duty to perform tasks in a timely and efficient manner
 - the duty to maintain official secrecy and respect for privacy
 - duty to act professionally
 - duty to be present at the workplace
 - use of entrusted property
 - personal behaviour.
155. The aforementioned regulations governing the behaviour of civil servants and employees are an integral part of the Ethical Framework of the Office and civil servants and employees are obliged to act in the performance of their duties.
156. Threats or risks that may affect the behaviour of civil servants and employees and the controls or measures that need to be applied to eliminate possible threats or risks are set out in paragraphs 40, 41, 42 and 43.



VII. ETHICS MANAGEMENT AND CONTROL

157. Leaders and managers in the Office should promote and apply ethical values in their daily work.
158. Ethical values should be incorporated as criteria for employment, evaluation and professional development of employees and form an integral part of internal acts governing the issue of employment, evaluation, promotion (rewarding) and professional development. These internal acts are an integral part of the *Ethics Framework* of the Office in the part related to ethical values.
159. In order to control, monitor and evaluate the level of ethics in the Office, i.e. the application of ethical values in the work of employees of the Office, it is necessary:
- that each employee signs a Statement that he is familiar with the content of the Code of Ethics and the Ethical Framework and that in his work he will apply the ethical values and principles set out in these documents
 - establish a register to monitor conflicts of interest, gifts received and close relationships that may affect the independence and objectivity of employees
 - recommend to employees a self-assessment based on a questionnaire in their daily work, and especially after the completion of an audit or some other major work (the said Questionnaire is an integral part of the Ethical Framework of the Office)
 - conduct an 'external evaluation' of the employee's work on the basis of a questionnaire submitted to the audited entities after the final audit report has been submitted to the audited entity (the said Questionnaire is an integral part of the Office's Ethical Framework)
 - that the state auditor and another employee participating in the audit, before the start of each audit, sign a statement on the absence of conflict of interest in performing that audit
 - assess the need and timing and initiate peer reviews from other SAIs
 - apply other assessment tools, such as IntoSAINT and Global Ethics & Integrity Benchmarks
 - adopt programs for continuous training and professional development of employees
 - appoint ethics commissioners and encourage their work in accordance with the Law on Civil Servants
 - appoint confidential persons and encourage their work in accordance with the Law on the Protection of Reporters of Irregularities and the Ordinance on the Appointment of a Confidential Person and the Procedure for Internal Reporting of Irregularities.
160. Acting in accordance with the Code of Ethics is an obligation arising from the employment relationship and is complied with by all employees of the Office.



161. Violation of the provisions of the Code of Ethics, depending on the severity of the violation, may result in the imposition of measures provided by the Law on Civil Servants.
162. This Code of Ethics enters into force on the day of the signature of the Auditor General.
163. On the day this Code of Ethics of the State Audit Office enters into force, the Code of Professional Ethics of State Auditors shall cease to be in force, KLASA: 003-05/16-02/2, URBROJ: 613-01-01-16-1, from August 11, 2016.

AUDITOR GENERAL

Ivan Klešić

KLASA: 003-05/20-02/7
URBROJ: 613-01-01-20-1

Zagreb, December 9, 2020