

PERFORMANCE AUDIT OF THE FUNCTIONING OF ETHICS INFRASTRUCTURE IN GOVERNMENTAL ADMINISTRATION BODIES OF THE REPUBLIC OF CROATIA

(2013)

SUMMARY

In 2013, the State Audit Office conducted a performance audit dealing with the *Functioning of Ethics Infrastructure in Governmental Administration Bodies*. It was conducted on the basis of prior analyses which showed that an ethics infrastructure was in place in the Republic of Croatia and that regulations had been enacted to define key ethical values and ethical principles for employees in specific public sector segments. However, they also revealed the existence of significant irregularities in the operations of public sector entities as well as the perception of corruption and other forms of unethical behaviour.

The scope of the audit was defined so as to cover specific activities related to the application of the Civil Servants Act to the extent that it pertained to the principles of conduct by civil servants and the Code of Ethics for civil servants (hereinafter: Code of Ethics), compliance with ethical values and their application in daily operations, as well as the functioning of ethics infrastructure in Governmental Administration Bodies.

The main objective of this audit was to assess efficiency in the functioning of ethics infrastructure established in 20 ministries. This objective also encompassed the assessment of the ethics profile with regard to the behaviour and conduct of civil servants, i.e. assessing the level of their compliance with and application of ethical principles, as well as actions taken in cases of breaches thereof. The specific objectives of this audit were to review and assess: the integrity of the ethics infrastructure in the public sector; the legal framework for the application of ethical principles and values in the civil service; the application of rules and regulations pertaining to ethics and ethical conduct; the extent to which the ethics infrastructure was established in Governmental Administration Bodies and the efficiency of its implementation; the development of ethics-related knowledge and skills on the part of civil servants; activities associated with the development, promotion and application of, and monitoring adherence to, ethical values and the application of ethical principles in everyday work, and the prevention of unethical conduct; the regularity on actions taken in response to complaints and their handling, as well as reporting procedures; cooperation with other entities inasmuch as it pertains to interactions among entities forming the ethics infrastructure; the propriety and sufficiency of measures taken to eliminate and minimise unethical conduct, and raise awareness about the importance of ethics for good governance; and the importance attached to ethics in Governmental Administration Bodies and its place in the development strategy of the Republic of Croatia.

The subjects covered by the audit employ 6,346 civil servants without the Ministry of the Interior of the Republic of Croatia (police forces) the Croatian Defence Ministry (army forces) and the Croatian Ministry of Justice.

The audit results

Based on the conducted audit procedures and ascertained facts and taking into account the defined set, the State Audit Office concluded that a basic framework for ethical

conduct on the part of civil servants in Governmental Administration Bodies had been put in place, but that Governmental Administration Bodies were not making special efforts to motivate and encourage civil servants to embrace specific ethical principles and values, and to apply them in their everyday work. It was also concluded that civil servants in managerial positions failed to use their own behaviour and internal documents in order to point out clearly and transparently which ethical values and principles were to be applied by civil servants.

Therefore, the State Audit Office proposed to the **Ministry of Public Administration**:

- to undertake activities aimed at *developing a legal framework* to set forth and clearly define regulations that would ensure the prevention of any conflict of interest on the part of employees in the public sector as a whole;
- to undertake activities aimed at *amending the Code of Ethics* so as to contain provisions: regarding ethics, moral principles and values, and the rights and obligations of civil servants in cases where they failed to act in keeping with the Code of Ethics; concerning the obligation of and deadlines for reporting on any filed and resolved complaints against unethical conduct by civil servants; specifying deadlines for holding Ethics Commission sessions and for rendering opinions on complaints; defining the process to nominate and select candidates and the requirements to be met by candidates for ethics commissioners as well as the development of procedures and guidelines related to the rights, obligations of ethics commissioners and their responsibilities in promoting ethical behaviour and resolving complaints against unethical conduct; specifying the deadline and obligation for civil servants to submit, at the request of ethics commissioners and within the required time frame, written statements about any information related to complaints against conduct by civil servants in order to step up the complaint handling procedure;
- to take measure to hire a specific number (four) of staff members for the Ethics and Value System Service and to include training on the enhancement of ethical standards for civil servants as a whole in the civil servants training programme
- to take measures in order to intensify promotion efforts through stickers and leaflets, to launch similar initiatives in all Governmental Administration Bodies so as to explain, in a straightforward manner, the purpose and importance of promotion and the role of civil servants therein, and to take action in order to examine in detail which activities would bring benefits if implemented;
- to adopt written procedures specifying how to select candidates for Ethics Commission members and define the requirements to be met thereby;
- to analyse and develop a training programme for ethics commissioners by identifying their needs and assessing which areas of ethics are of particular importance; to organise training courses and workshops as required, but no less than once a year, to organise meetings of ethics commissioners no less than once in every three months so as to allow them to discuss specific ethical dilemmas and problems related to handling complaints against unethical behaviour;
- to extend deadlines for establishing the existence of grounds for complaints and delivering responses to complainants.

The proposals for the Ethics Commission were:

- to hold regular sessions in line with its Procedural Rules; to prepare minutes in the event of any emergency session held by phone or e-mail in keeping with the

provisions of Article 16 of the aforementioned Procedural Rules, and to render its opinions on the existence of grounds for complaints within the established time frame;

- to give reasoning for its opinions, i.e. further instructions on actions to be taken by ethics commissioners to step up the process with a view to improving the quality of handling complaints.

The proposals for other Governmental Administration Bodies were:

- to publish their decisions on the appointment of ethics commissioners in compliance with the Code of Ethics
- to prepare internal documents (procedures, rules, guidelines) related to the tasks of ethics commissioners in order to provide them with clear guidance for the promotion of ethical standards, and to set targets for Governmental Administration Bodies with regard to the ethics profile of civil servants and in connection with the work of ethics commissioners;
- to appoint deputy ethics commissioners along with the appointment of ethics commissioners; to define the obligations of deputies with regard to training; to position ethics commissioners at a level high enough to ensure their formal authority, and – for Governmental Administration Bodies with higher staffing levels, more complex interactions with citizens and increased risks of unethical behaviour by civil servants – to appoint ethics committees rather than ethics commissioners;
- to build ethical principles and key ethical values into the internal documents of Governmental Administration Bodies, to define clear mechanisms within each Governmental Administration Body in order to allow ongoing efforts to promote and encourage ethical behaviour and to motivate civil servants to act in compliance with ethical principles;
- to prepare training programmes covering all civil servants; to define training methods and forms in order to ensure continued efforts to raise awareness about the importance of ethical conduct and promote the Code of Ethics.

The State Audit Office holds that the implementation of the foregoing recommendations could contribute to improvements in the legal and institutional framework, the development and enhancement of organisational mechanisms which would support and promote ethical behaviour on the part of public sector employees, i.e. that the implementation of the recommendations made would increase efficiency in the functioning of Governmental Administration Bodies as a whole.