



STRENGTHENING INTEGRITY BASED ADMINISTRATION

Public Administration Development Programme
- ÁROP-1.2.4-09-2009-0002

INTEGRITY SURVEYS 2011-2017





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One of the declared strategic goals of the State Audit Office of Hungary is to promote the prevention of corruption. In order to better accomplish this goal, the SAO investigated the anti-corruption measures of the least-contaminated countries, and identified as a “Good practice” the **integrity model** used by the public administration system of the Netherlands. To learn the methodology and to adapt the approach to Hungary, in 2007, the SAO in cooperation with the Netherlands Court of Audit implemented a so-called “Twinning light” program financed by the European Union.

Soon after, in 2009, the **project “Mapping Corruption Risks - Strengthening Integrity Based Administration”** was launched - also with EU funding. The main goal of the project was to promote the development and strengthening of the organizational culture of integrity in the Hungarian public sector through **conducting integrity surveys during seven years by the SAO**. Another crucial objective of the project was to develop proposals for the Hungarian government to prevent and reduce corruption. An equally important aim of the project was to develop educational materials for integrity training programs.

The project, including the five-year maintenance period, was **successfully completed in 2017**. An increasing number of public organizations participated voluntarily in the annual integrity surveys of the SAO. Strengthening organizational integrity has become one of the main directions of the Hungarian government’s anti-corruption agenda. The resulting government decrees made the establishment of integrity controls obligatory to all budgetary organisations. As a result of cooperation with the SAO, in 2013, the National University

of Public Service has begun the training of integrity advisors and several other universities have started integrity training programs in the past years. **The notion of organizational integrity**, which was almost unknown in 2007 in Hungary, has now **become integrated into the organizational culture** of the majority of budgetary organizations.

The successful accomplishment of the EU-funded program in itself justifies the drafting of a detailed report to the financial donor of the project presenting the achievements and the appropriate also effective use of the subsidization. However, there is more to this. The methods developed by the SAO for the dissemination of the culture of integrity can be successfully applied in other countries where the prevention of corruption is a challenge. This recognition led the SAO when it invited supreme audit institutions (SAIs) of developing countries for an international integrity seminar in 2014, introducing the aims, methodology and results of SAO’s Integrity Surveys. Following the favourable feedbacks, the SAO has organized similar seminars each year with different focuses adjusted to the latest developments of the SAO’s project. Adapting to the Hungarian model, the SAIs of Macedonia and Georgia have also launched their own Integrity Surveys. Reducing corruption is cardinal point in the cooperation between the European Union and the candidate countries. The achievements of the SAO’s Integrity Project and the taken anti-corruption measures confirm that the implementation of **similar projects in other countries not only could significantly contribute to the establishment of integrity culture**, but it would also support corruption prevention/prevention of corruption.

THE PROJECT

The State Audit office of Hungary is the supreme financial and economic audit organization of the National Assembly, a key institution of the Hungarian democratic state apparatus providing the necessary safeguards.

Engagement

Supreme audit institutions around the globe are by now increasingly expected to stand up effectively against corruption. In 2007, the Hungarian National Assembly declared that the SAO is required to pay close attention to the typical triggers and areas of corruption. Having recognized the significance of the SAO's activity in this field, the National Assembly confirmed this mandate in its parliamentary resolution in 2009. The Strategy of the State Audit Office of Hungary, adopted in 2011, made it clear once and for all, that **the task of the SAO is to curb corruption as well as to promote and introduce the culture and attitude of integrity.**

The fight against corruption in Hungary was for a long time characterized by a battle waged between corrupt individuals and law enforcement bodies. The latter achieved relatively modest results. In order to make efforts against corruption more effective a new approach became necessary.

Developing the Project

For this reason, the SAO mapped out the efforts made by other European supreme audit institutions to prevent corruption. It was the integrity program developed by the Netherlands Court of Audit that seemed most suitable to be adapted in Hungary. To fund the adaptation the SAO submitted a **"Twinning Light" Project proposal** under the EU Transition Facility Unallocated Institution Building Envelope. This **was approved by the European Commission.** With this approval the **SAO was awarded to the use of 120 000 euros.**

The implementation of the Project started in October 2007. Following the Twinning Light, based on the Dutch expertise and relying on the EU funded program, the SAO has set up its own Integrity Project. Within Integrity Project the SAO undertook to carry out the Integrity Survey in the public sector on an annual basis. During the 2009-2012 implementation period of the project, the SAO has developed a questionnaire and an evaluation method followed by the first two pilot surveys. After the completion of implementation in **2012 the SAO committed to sustain the survey for another five years maintenance phase,** which lasted until 2017. **The budget** of the Integrity Project of the SAO project consisted of a **1,05 million EUR being a 100% EU subsidy of the European Social Fund.**



Goals

Aims of the Integrity Project were clearly defined in advance of receiving the EU funding. These were the following:

1. To promote cultural change and to create an integrity-based institutional operation in the Hungarian public sector
2. To identify the risks which may influence the integrity of budgetary institutions adversely
3. To expand the circle of institutions that accept and endorse the integrity-based culture
4. To develop audit methodologies
5. To train civil servants and strengthen governmental involvement



The three dogs symbolising the SAO's Integrity Project refer to the kind of commitment our institution has in the fight against corruption: SAO **guards** the use of public funds, **warns** if there are any problems, and **guides** the financial management of public entities towards the right direction.

KEY CONCEPTS

SAO: catalyst of integrity

When the know-how of assessing integrity was passed through to the SAO in the Dutch-Hungarian joint project, the notion of integrity was hardly known in Hungary. Neither would it have been fair, nor realistic to measure or otherwise audit the absence of the culture of integrity. Therefore the SAO decided to set the establishment and consolidation of the culture of integrity as primary goal. The innovation lies in the fact that **the method to assess integrity has been developed into an effective system of regularly surveying integrity by the SAO.** The Survey has been designed to serve as an effective tool to give feedback to public institutions on their exposure to corruption associated risks, and to assess the control measures required to manage these sorts of risks. SAO supported to build institutional capacity of public organizations to better define integrity risks in their operation, and also enabled them to employ integrity controls designed to mitigate these risks.

Integrity vs. corruption

In this sense organizational integrity means the ability of a public institutions to tackle risks of corruption. **The higher integrity level an organization has, the more resistant it is to the potential of corruption.** The notion of integrity being a positive goal has proved to be an appropriate term to encourage public sector bodies to participate in the project, and to reduce their potential distrust.

Prevention

Integrity Project fosters a preventive mindset: its objective is not to find individual wrongdoers after their action, as it is the case in repressive, criminal approaches of suppressing corruption. **The project aims to build an environment that effectively diminishes the likelihood of corrupt actions to occur.**

Voluntary participation

Each year all Hungarian public institutions, registered at the Treasury, are called upon to voluntarily fill out the questionnaire of the Integrity Survey. The survey covers the public institutions of the Hungarian public sector as a whole. This scope reflects the position and formal powers of the SAO: the SAO is the auditor of all organizations using public funds.



Institution groups

Based on their main activity, the SAO classified institutions participating in the survey into the following 15 categories:

1. Primary and high schools
2. Healthcare institutions
3. Other administrative bodies
4. Other institutions
5. Higher education
6. Independent government bodies
7. Local governments
8. Judicature
9. Government bodies
10. Cultural institutions
11. Nurseries, kindergartens
12. Defence and law enforcement
13. Institutions providing social services
14. Regional administrative bodies
15. Scientific research and development

Risks and controls

Having realized the limitation of measuring the perception of corruption, **the project pays attention to objective structural prerequisites of corruption at organizations.** It focuses on drivers of illicit external influence in a frontier **where the public sector intersects with the private**, it scrutinizes mechanisms within institutions that emerge when officials make decisions. The survey examines the vulnerability of an organization to corruption and the control system that the organization has established in order to manage and avert corruption risks.

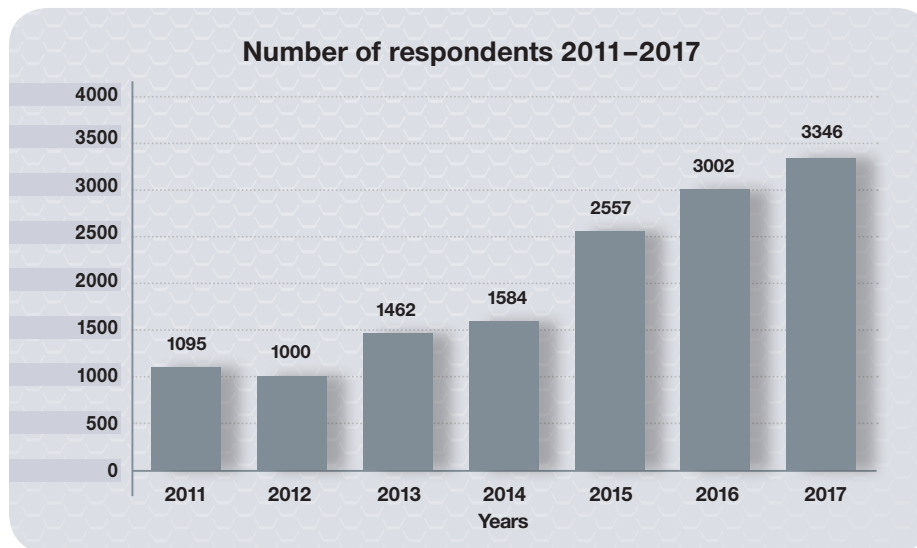
Indexes

The scoring system of the survey evaluates risk exposure and integrity controls through three indices. The method measures two risk indexes: The **Inherent Vulnerability Index (IVI)** measures the organization's exposure to corruption based on its legal status, whereas **Enhanced Factors Index (EFI)** indicates components that are shaped by the decisions of management. These are counterbalanced by the **Existence of Controls Index (EoCI)** reflecting whether a given organization has set up, an is operating institutional controls.

IMPACTS

The initial impetus gained from the support of the EU was transformed by the SAO into a sustainable project lasting for seven years. Throughout the sustaining period of the project the SAO managed to repeatedly carry out the Integrity Survey each year.

In this period Hungarian public institutions acquired the notion of integrity. A total of 5639 institutions have participated so far in Integrity Surveys between 2013 and 2017, including organizations that filled out the questionnaire every year or



several times. In the course of five years, a total of 11 934 completed and evaluable questionnaires were received by the SAO. The survey reached every year to a growing number of public institutions. **In 2017 3346 public sector organizations participated in the survey, which is almost triple of the respondents of the first survey performed in 2011.** By now, our respondents employ over 60 per cent of the total staff working in the public sector. Given the voluntary nature of the survey, the increase in the number of participating organizations is an indicator of the spread of long-term commitment to the strengthening of integrity.



Throughout the surveying period the integrity of the Hungarian public institutions developed significantly. Results show¹, that in the past seven years the average integrity risks of Hungarian public institutions declined, while average control levels remained relatively stable.

As a result of the project Hungarian public institutions were enabled to take care of their own integrity systems. As the survey has delivered the message to more and more Hungarian public institutions these became aware of the notion of integrity risks and controls. The results of the survey have proven that participation in the survey significantly increased the integrity risk sensitivity of public institutions.

Auditing integrity. Through the repeated surveys **SAO has enabled institutions to act for their own integrity.** As a result the SAO could focus on auditing and evaluating integrity management of auditees becoming an integral part of its core activity. At this moment conventional arsenal of SAIs can be put into action again. In 2017, in more than 80% of all SAO compliance audits, integrity of the audited entity has also been evaluated.

¹ See 2011-2017 survey results in detail under Chapter *Results*

STRENGTHENING INTEGRITY IN THE HUNGARIAN PUBLIC SECTOR

PROJECT PHASES

MAPPING ANTI-CORRUPTION PROGRAMMES

CHANGING THE APPROACH

SENSITIZING

Project: Mapping corruption risks – Strengthening Integrity Based Administration

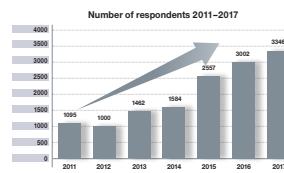
ID: ÁROP-1.2.4-09-2009-0002
 Period: 2009–2011; maintenance 2011–2017
 Sector: cooperation of Judiciary and Law Enforcement
 Title: Promoting Anti-corruption Strategy of the Government
 Goals: conducting surveys, dissemination of data and information, education of stakeholders strengthening government involvement
 Fund: EU Social Funds 1,05M EUR

Creating Integrity Project



Pilot Survey

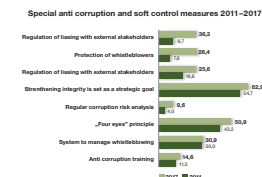
Participation 2011–2017



Start of ÁROP maintenance period

Survey 2012
1000 participant

Risk are various



IMPACTS

2009

2010

2011

2012

LEGISLATION

- National Assembly Resolution No 35/2009
- Empowerment of the SAO of Hungary to focus on typical triggers and areas of corruption

- Establishing legal foundations

- Adoption of the Fundamental Law of Hungary – Chapter of Public Finances
- Act LXVI. on the SAI of Hungary
- Act CXCVI. on National Assessts
Only transparent organisations are eligible to government subsidies

- Government Decree No.1104 Initiating Public Administration Corruption Prevention Programme
- Integration of the topic of corruption into the Nation Core Curriculum

INSTITUTIONAL COOPERATION

- Involvement of the SAO of Hungary
- Adaptation of Integrity based approach - focusing on prevention, risk assessment and control environment

- Building alliances

- Hungary joins International Anti-Corruption Academia

- Hungary joins Open Government Partnership (OGP)
- Foundation of National University of Public Administration dedicated to the training of a new generation of ethical public officials
- Creating the group of integrity supporters

EDUCATION AND DISSEMINATION



- Launching webpage integritas.asz.hu.
- Introducing integrity approach to public institutions

- Reform of SAO's operations

- Anti-corruption Alliance of the Ministry of Justice, the SAO of Hungary, the Supreme Court and the Chief Prosecutor
- 1st Good Practices Seminar

- Presenting integrity status of audited entities to the general public

P 8 S 7 C 1 PPT 25 N 36

P 1 C 1 PPT 5 N 5

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P 2 B 1 S 18 PPT 18 N 58



RAISING AWARENESS

TRANSFERRING KNOWLEDGE

BUILDING COMPETENCES

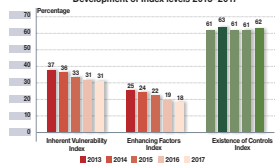
ENABLING TO ACT

ASSESSMENT, AUDIT

Survey 2013
1462 participant

Participation increases integrity

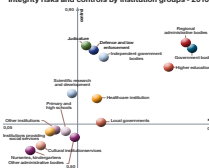
Development of Index levels 2013-2017



Survey 2014
1584 participant

Vulnerability is uneven

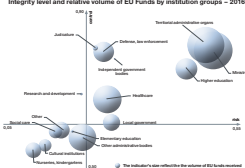
Integrity risks and controls by institution groups - 2016



Survey 2015
2557 participant

Integrity environment differ

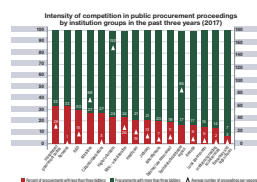
Integrity level and relative volume of EU Funds by institution groups - 2016



Closing Report of ÁROP

Survey 2016
3002 participant

Evolution of controls is needed



End of the maintenance period

Survey 2017
3346 participant

Organizational integrity is strengthened

Special anti corruption and soft control measures 2011-2017



2013

2014

2015

2016

2017

- Government Decree No. 50. Public Institutions obliged to perform annual integrity risk assessment concerning their operations and prepare action plan
- Adoption of Code of Ethics for Public Servants, Law Enforcement Bodies and for the Judiciary

- Government Decree no 1336. Launching the National Anti-corruption Programme (2015-2018)
- National Anti-corruption Action Plan (2015-2017)
- National Assembly Resolution No 34. Strengthening the management and integrity control system of state owned enterprises

- Government Decree No 370/2011. A2015 Specification of incidents of integrity withing the Internal Control System Regulation

- The Ministry of Interior and the National Office for the Judiciary joins the Anti-corruption Alliance
- The SAO of Hungary participates in the International Corruption Hunter Association conference and training programme

- Cooperation with the National Protective Service (NPS)
- Partnership of the Hungarian Government, the SAO of Hungary and INTOSAI IDI in the Global Anti-corruption Programme of SAIs

- The National Bank of Hungary an the Public Procurement Authority joins the Anti-Corruption Alliance

- Integrity Workshop for SAIs planning to adapt the integrity model of the SAO of Hungary

- Training programme of integrity advisors
- 1st International Integrity Seminars

- Sharing for the first time integrity audit experiences and methodology with the participants of the International Integrity Seminar

- NPS Seminars in cooperation with the SAO of Hungary to strenghten integrity based culture in public administration

- Launching management education programmes – Training ethical managers

- Sharing know-how
- Releasing training materials
- Publication of project results

P 8 PPT 6 C 3 S 1 N 156

P 3 C 4 PPT 7 N 52

T 1 P 4 C 6 S 2 PPT 8 N 107

T 1 P 8 B 2 C 4 S 1 PPT N 137

T 1 P 8 B 2 C 4 S 1 PPT 7 N 95

METHODOLOGY OF THE SURVEY

Questionnaire

The central component of the methodology is to identify the corruption risks inherent in the operation of public institutions based on their legal status and to determine the extent to which the controls designed to protect against corruption are present. In mapping corruption risks and controls, we rely on the standard questionnaire method. The SAO reviews the questionnaire before each data collection (e.g. to adapt to amendments in legislation).

Consisting of 169 questions in 2017, it includes multiple question types (e.g. dichotomous questions, multiple choice questions). Some of the questions inquire about the previous 3-year period, while others are aimed at the status as at the end of the calendar year preceding the survey year. The questionnaire covers the following 16 topics:

1. European Union funding
2. Organisational culture, organisational values
3. Public procurements
4. Operational characteristics
5. Scopes of authority
6. Political environment
7. Management of public assets and public funds
8. Level of internal regulation
9. Provision of public services
10. HR management characteristics
11. Other risk factors
12. Internal audit functions and methods
13. External control environment
14. Special anti-corruption systems and procedures
15. Organisational structure
16. Level of external control

The questionnaire is fitted with a scoring system that assigns weight to each response received to the questions. The SAO adjusts the scoring system to the annually updated questionnaire.

Indices

Each question is classified into one of the 3 risk indices pre-defined by the SAO. Expressed in percentages, these risk indices are the following:

Inherent Vulnerability Index (IVI) ► The Inherent Vulnerability Index (IVI) measures the components of a particular organisation's exposure to corruption based on its legal status and role. It is determined by factors that are shaped by the legislative competence of the founder, such as the implementation of law, (legal) regulation or the provision of various public services. Issuing a building permit is e.g. a competence of this sort. Those organizations that are authorized to issue such a permit will evidently have a higher exposure to integrity risks than organizations not fitted with this competence.



Enhanced Factors Index (EFI) ► The Enhanced Factors Index (EFI) indicates components that depend on the daily operation of the given institution and increase inherent vulnerability. It maps the characteristics of the institutional environment of budgetary institutions, the stability of their operation, as well as factors fundamentally shaped by the decisions of current management – that arise during the operation of institutions. These may include the definition of strategic goals, the establishment of organizational culture, as well as the management of human resources, public procurements. Assume a public organization realizing a development from funds received from the EU. The announcement of the public procurement, awarding the tender, concluding the agreements are factors that all increase the organization's vulnerability therefore exceed the initial integrity risk level stemming from their legal status.

Existence of Controls Index (EoCI) ► The Existence of Controls Index (EoCI) reflects whether a given organization has set up, and is effectively operating, institutional controls. This index comprises factors such as the internal regulations of the organization, its internal audit, the definition of ethical requirements, the handling of conflicts of interest, the management of whistleblowing and complaints, regular risk analysis and consistent strategic management. Bearing in mind that the issuance of a building permit is regarded as a factor enhancing the initial vulnerability, EoCI in this case will show the existence of control measures put in place. These may include a regulation on the conflict of interest between the authority and the applicant, the prohibition of receiving gifts, the transparency of the procedure of issuing the permit.

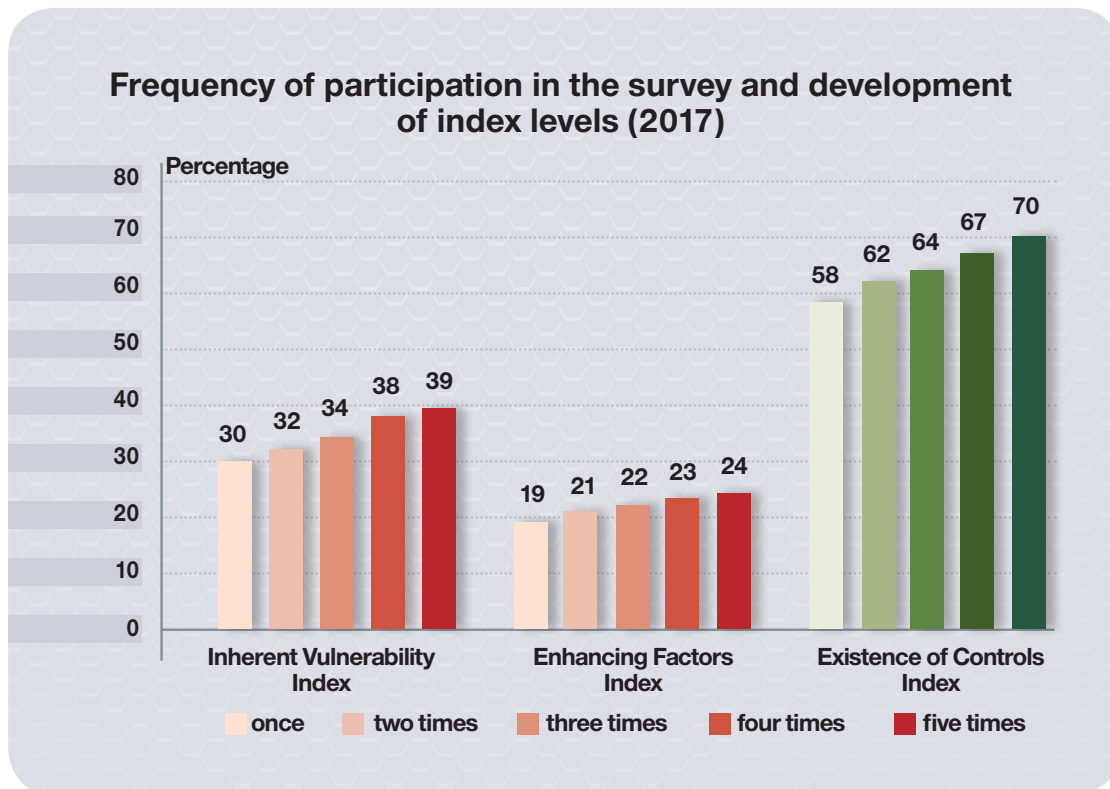
The SAO calculates all three indices for all institutions to determine, as a simple arithmetic average, the average indices of each institution type (e.g. higher education, government bodies), which capture the average corruption exposure of the given institution type and the coverage of its controls.

Index names	Index maximum values	Number of questions
Inherent Vulnerability Index	70 points	30
Enhancing Factors Index	148 points	64
Existence of Controls Index	113 points	61

SURVEY RESULTS

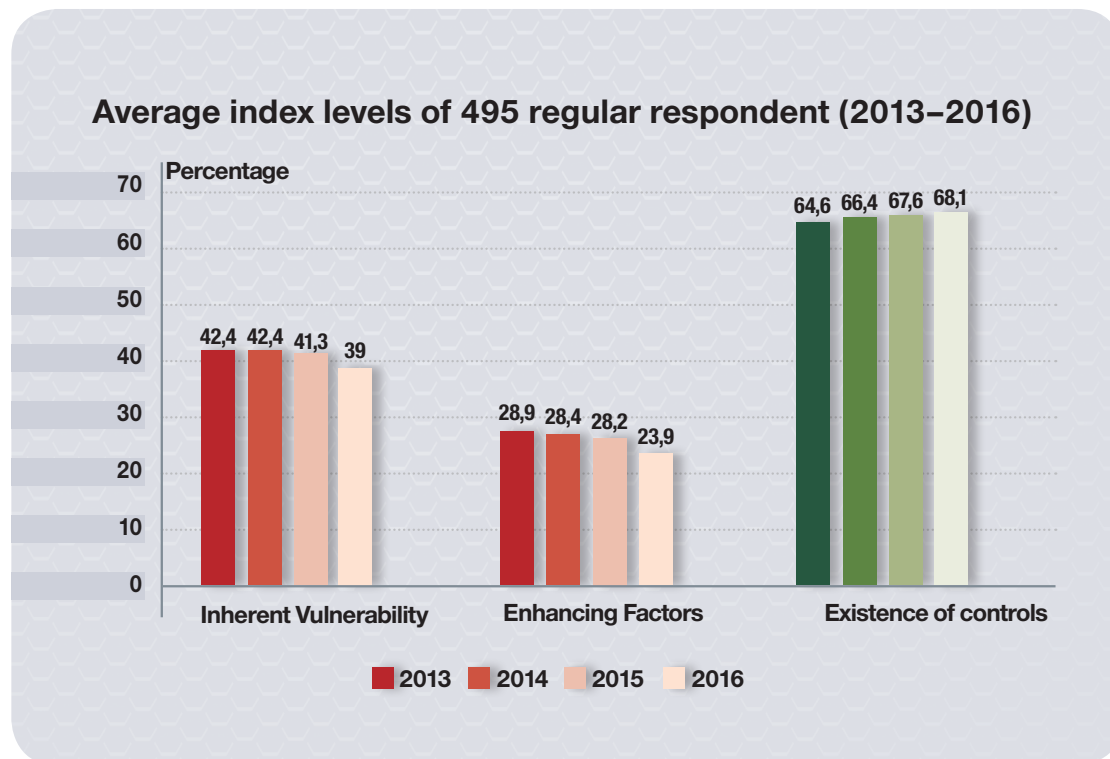
Participation increases integrity

Evidence of the study demonstrates that **participation in the survey in itself has a positive effect on integrity consciousness**; index levels measuring control deployment were found to be more than 12 percentage points higher in the case of more active respondents. The reason for this is that the institutions that faced the inquiry for risk areas many times, were better able to pinpoint their own risk factors: thus increasing risk sensitivity is a previously not expected, but important by-effect.





495 institutions can be identified who completed the questionnaire each year from 2013 to 2016. Assessing integrity risk and control levels of this group allows us to identify trends unaffected by changes in the composition of respondents. **Initial vulnerability of regular respondents remained relatively stable till 2014, but from 2014 risk exposure has started to diminish significantly.** In the meanwhile enhancing factors index has shown a 5 percentage decrease. This latter effect is mainly attributed to the fact that the number of institutions receiving EU funds has also decreased, while institutions begun to hold less securities, transferable rights and tend to utilize less real properties.



SURVEY RESULTS

Integrity strengthened

Compared to the survey results of 2012 a trend could be observed in our recent findings²: **Average integrity risks of Hungarian public institutions declined, while average control levels remained relatively stable.** Consequently the proportion of risks unaddressed by controls decreased, therefore **systemic integrity levels have gradually strengthened.** Control and risk figures were also affected by reorganizations, amendments in the legal status, narrowing/broadening the mandates of organizations (see timeline). To analyze factors behind the decreasing risk levels a mathematical-statistical inquiry has been carried out. As a result it can be ascertained that decreasing risk levels cannot be attributed to the effect of initial risk levels of institutions accessing the survey each year anew. However there is a continuous trend over time showing a steady decrease of integrity risk levels overall.

Development of index levels by institution groups (2013, 2017)

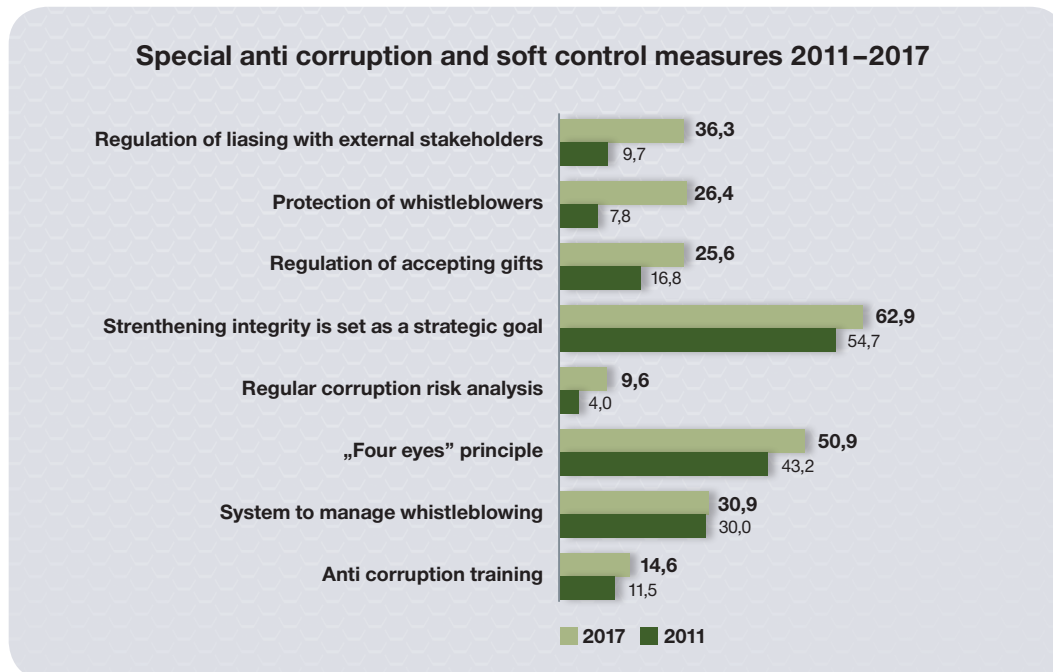
Institution group	Inherent Vulnerability			Enhancing Factors			Existence of Controls			Number of respondents	
	2013	2017	% difference	2013	2017	% difference	2013	2017	% difference	2013	2017
Elementary education	13,5	16,5	3,0	16,8	20,0	3,2	53,9	60,8	7,0	201	68
Healthcare	21,5	20,4	-1,0	33,6	29,8	-3,8	65,6	69,4	3,9	54	110
Other administrative bodies	37,2	15,5	-21,7	30,5	16,4	-14,1	68,9	57,7	-11,2	46	184
Other	18,5	14,3	-4,2	19,5	14,9	-4,6	58,8	53,7	-5,1	41	27
Higher education	23,6	27,9	4,3	52,4	49,5	-2,9	72,5	77,2	4,7	22	22
Independent government bodies	27,4	23,1	-4,3	30,7	22,5	-8,3	76,5	74,7	-1,8	6	10
Local government	56,1	46,2	-9,9	27,3	19,1	-8,1	60,6	62,0	1,4	670	1574
Judicature	31,0	28,2	-2,8	25,8	22,1	-3,7	73,2	83,9	10,7	22	27
Ministries	61,9	65,1	3,2	44,6	47,2	2,6	73,7	81,9	8,2	7	8
Cultural institutions	15,1	11,8	-3,3	20,6	13,8	-6,8	57,1	57,7	0,6	65	248
Nurseries, kindergartens	11,2	12,7	1,5	12,5	10,5	-1,9	54,0	56,8	2,8	147	571
Defence, law enforcement	40,7	32,5	-8,2	33,0	24,4	-8,5	73,5	79,8	6,4	65	118
Social care	15,3	15,5	0,2	19,3	16,7	-2,6	59,3	60,9	1,6	82	340
Territorial administrative organs	61,6	62,0	0,4	37,2	40,8	3,6	70,8	83,1	12,3	24	20
Research and development	19,6	12,5	-7,1	27,3	21,6	-5,7	67,8	67,4	-0,4	11	19
Average	36,9	30,6	-6,3	24,6	17,8	-6,7	60,5	61,8	1,3		

²As a result of a reconfiguration in the scoring of the survey in 2012, we have comparable data from 5 years before.



Evolution of special integrity controls

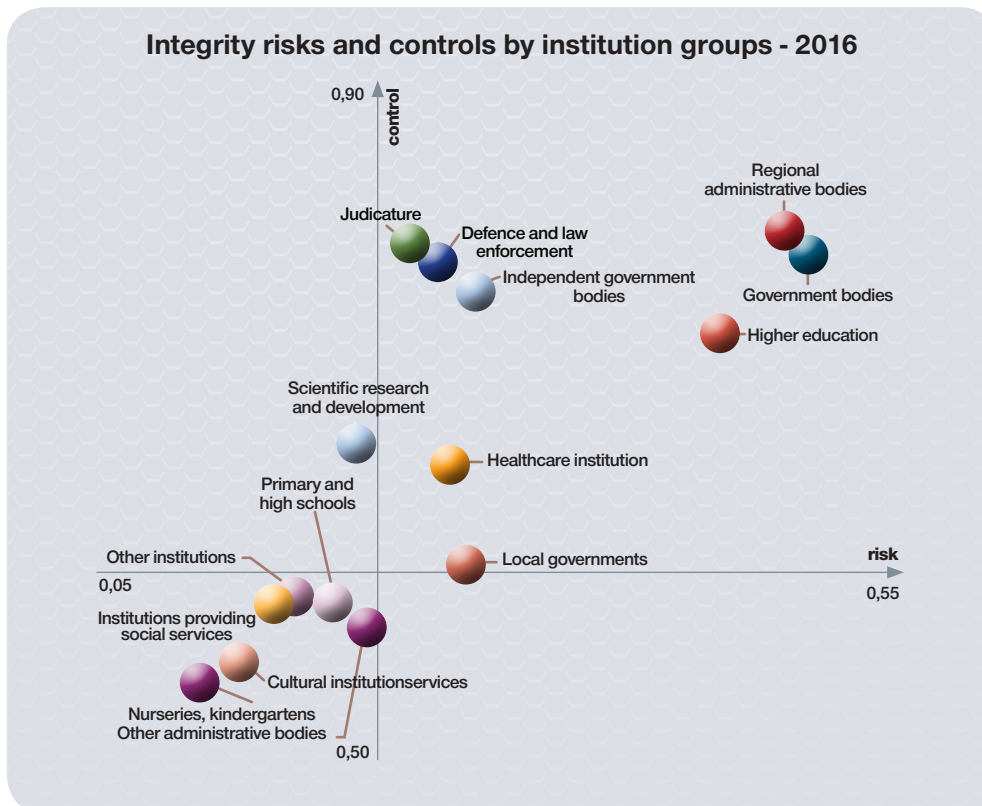
One significant result of the survey is that employing special anti-corruption controls Strengthening of integrity significantly developed since the start of the survey. Previously, public organizations did not necessarily see the integrity aspects of the four eyes principle or of a system to manage complaints. The spreading and consolidation of special integrity controls can also be traced in amendments of the legislation. **Especially in the past seven years, pieces of new legislation, guidelines, professional codes of ethics introduced previously unknown mechanisms that strengthen integrity** (see timeline), whereas controls that used to be “soft” by nature are by now mandatory provisions. E.g. Government Decree No 50/2013 regulates the conditions of liaising with external stakeholders at organizations supervised by the government, and introduced regular anti-corruption trainings. Similarly since 2015 codes of ethics are adopted, they are applicable to public servants and public officials.



SURVEY RESULTS

Vulnerability does not spread evenly

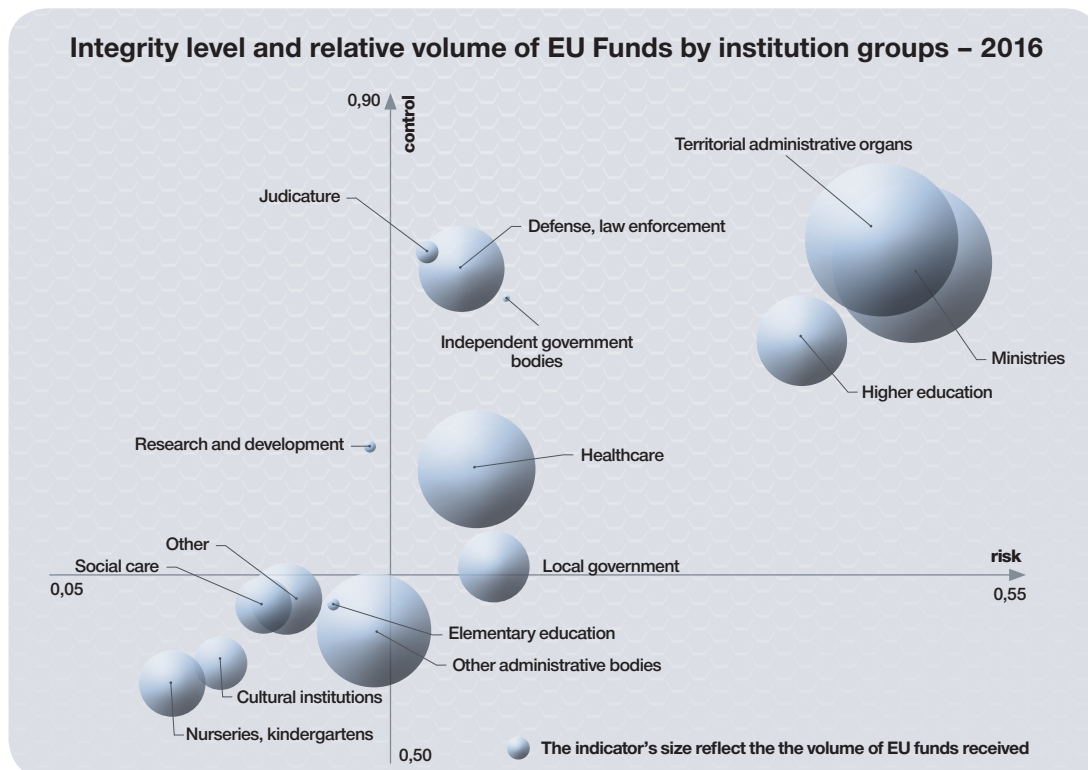
In every year the survey has pointed out that groups of institutions have significantly different integrity performance. In 2017 we have shown for the first time how risk indexes and control indexes relate, merged into a single reference grid. In the area above the trend-line those institutions appear that are considered to have appropriate integrity levels. Whereas those located below the trend-line are measured as having insufficient level of integrity. We have pinpointed institutions groups that face the threat that besides their high exposure to integrity risks their control levels do not cover these risks sufficiently (local governments, higher education, healthcare). On the other hand, **higher levels of vulnerability of governmental and territorial administrative organs are set off by excessively high control levels.**





Integrity environment of EU Funds

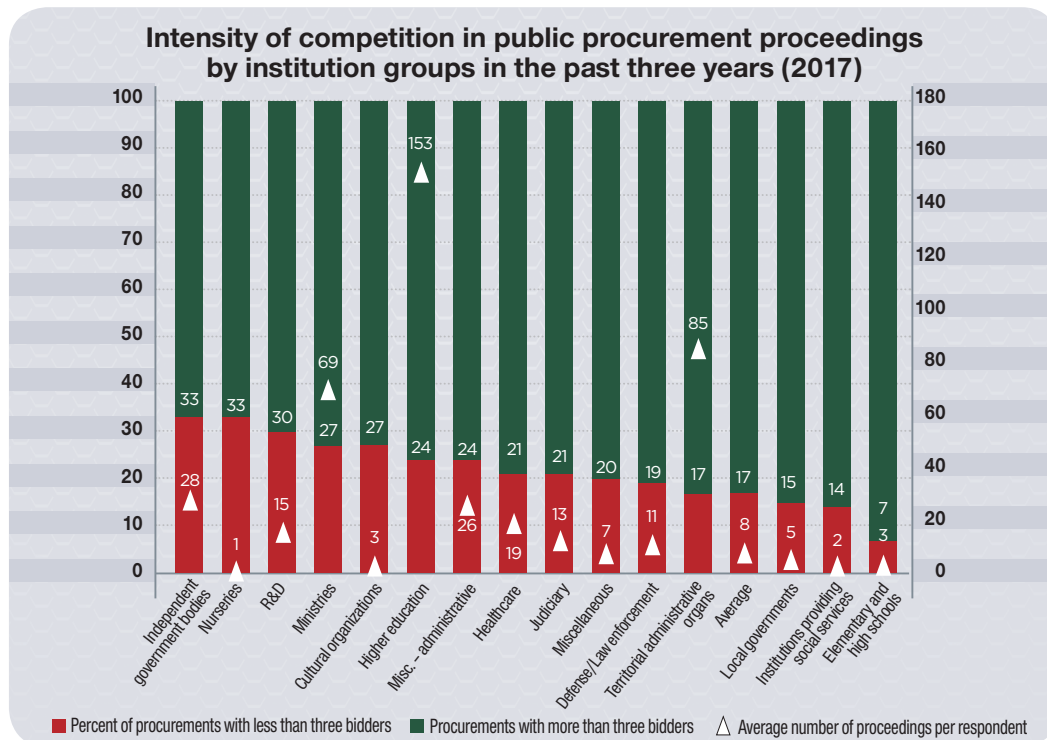
Besides the integrity of institutions, it is also crucial to see the impact of integrity on public assets. Therefore for the first time in 2016 the Integrity Project has also assessed the integrity of the institutions in relation to the volume of EU funds received by them. **EU funds may constitute integrity risks in themselves as institutions are not necessarily prepared to manage amounts of resources previously unknown by them.** Integrity of EU financial resources has gained public attention in the past years. Thus, in 2016 we were able to pinpoint institution groups that combine large amounts of resources with weaker levels of integrity. As the graph shows the volume of EU funds received by institutions groups is substantially different. The graph indicates risk levels on axis x, on axis y control levels, the size of the bubbles demonstrates the average volume of EU funds received. Territorial government bodies received 222 558 million HUF EU funds whereas healthcare a 132 998 million HUF amount of EU funds in a 3 year term. In the case of both institution groups there is also a gap between their integrity risks and controls.



SURVEY RESULTS

Intensity of competition in procurements

Integrity of public procurements is of paramount importance from the perspective of national integrity. Public procurements in developed countries reach up to more than ten percentage of the value of GDP. In line with applicable EU regulations public interest in public procurement is by now much rather guarded through fair competition, than lowest price. Intensity of competition can also be one of the determining factors in mitigating corruption risks. The 2017 Integrity Survey established that respondents tend to assure for a good level of competition. Results have revealed that **the level of competition can be considered to be fair or good, as in an average of 83 percent of public procurement proceedings carried out by respondents, three or more bidders participated.** Lower intensity of competition is mainly attributable to acquiring special technology from de facto monopolistic markets (IT, intellectual property) where competition is initially hindered. On the other hand, results corroborate that intensity of competition is not negatively interfered by the number of proceedings that institutions deal with.





Training integrity advisors

The State Audit Office and the National University of Public Administration have signed a cooperation agreement on 28 June 2012, inter alia, to develop an integrity-based administrative culture. In the framework of the cooperation, the two institutions developed a curriculum for the training of integrity advisors. The Integrity Advisory Community now embraces more than two hundred advisors, with increasing numbers of experts being trained.

Supporting ethical training of public finance managers

In 2015, through its resolution the National Assembly of Hungary supported that in respect of organizations involved in managing public funds and public property, the State Audit Office should widen its consultancy activities regarding management systems and should support the training of ethical managers in public finance. It was for such considerations that the SAO entered into a cooperation agreement with the University of Miskolc. **The aim of this professional- academic cooperation is to establish the possibility that the SAO's audit experiences and the educational and research experiences** of the University of Miskolc, by exploiting mutual benefits, **become better connectable.**

Sharing “Good Practices”

The State Audit Office shares methodology, measurement and results of preventing corruption at various professional, scientific and educational forums. Our goal is to offer our research and audit methods, based on stringent international standards, and the results thereof as points of reference for social debates, so that they can contribute to the prevalence of integrity-based mentality.

As part of the above activities, the SAO and the Ministry of Public Administration and Justice launched a series of conferences on “Internal Controls and Integrity at Local Governments” in October 2013. SAO also supports the series of seminars organized by the National Protective Service of Hungary (NPS). **The goal of the series is to support the value base operations of local governments through the exploration and management of corruption risks, and strengthening organizational integrity.** The program named “Capacity building and awareness-raising for the detection and prevention of corruption cases” is also subsidized by the European Union. During the past two year 7 seminars were held in major municipalities of each county.

After the EUROSAI 2017 Congress the State Audit Office of Hungary has initiated the creation of a EUROSAI project group called “The role of the Court of Auditors in the dissemination of culture of integrity”. In the framework of the project, the European Integration Principal Control Institutes, joining the project, share their experiences with other participating

THE DISSEMINATION OF THE CULTURE OF INTEGRITY

countries. The form of sharing includes, inter alia, the provision of completed documents (eg. studies, study materials, questionnaires), holding workshops, organizing bi- and multilateral consultations.

International Integrity Seminars

Since 2012 our institution has organized a series of seminars on the international “good practices” as well as two international conferences, which were attended by 150 experts from the state audit offices of 50 developing countries. **The aim of the seminars is to present the methodology of the SAO’s integrity surveys, to share the related knowledge and develop the method by utilizing international experiences in order to strengthen the integrity of the public sector.** The SAO will continue to study and share good practices that enhance the integrity of the public sector through international seminars. The fifth international integrity conference and seminar was held in March 2018.

Participation in international donor programs

According to the Strategy of SAO, “the international relations and roles of the State Audit Office of Hungary ensure knowledge transfer, and the experience obtained this way becomes integrated in the audit work.” For this reason, the State Audit Office continually studies the international practices of the fight against corruption and assumes an active role in presenting its activities, strengthening the integrity of the public sector, at international conferences and events along with the achieved results, and in supporting the partner SAIs’ fight against corruption by sharing the experiences of the integrity surveys.

The National Assembly of Hungary through its resolution supported the SAO in participating in the INTOSAI Development Initiative (IDI) activities of the International Organization of Supreme Audit Institutions (INTOSAI). In addition to the SAO’s international seminar series on good practices, the donation of funds saved from the SAO operating budget to the IDI donor program also serves the accomplishment of this objective. By offering support, **Hungary has become a major supporter of the IDI. Thereby, Hungary has joined the ranks of supporters such as: Norway, Sweden, Ireland and the United States.**

Auditing integrity

Following the successful sensitization of public sector entities for integrity management, by now their integrity can also be addressed by the audit programs of the SAO. **Large number of public entities of the same type** (local governments, governmental institutions, state or municipality owned companies) **are audited on the basis of standard audit programs.** Such serial audits are composed of different modules addressing different focus areas, integrity being one of them. The fundamental concept of the method is that integrity management system can be interpreted as a functional subsystem of the internal control. Therefore integrity audit is strongly linked to the evaluation of the internal control system. Integrity



questionnaire has been transformed to an audit certificate making its completion compulsory for the audited entity. Auditing integrity as applied by the SAO exploits synergy effects with the voluntary integrity surveys.

Publications

Throughout the project duration, **SAO** not only published studies sharing the result of the surveys each year but **released a wide range of publications in the context of anti-corruption activities**. Project members and invited external experts compiled scientific analyses, articles, book chapters, handbooks, guides, education materials, reports and brochures transferring SAO's institutional experiences on the field of fighting corruption. Publications also revealed the actual integrity status of the Hungarian public administrations, highlighted the results but also drew attention to areas need special attention and further development. These articles were published in periodicals such as *Public Finance Quarterly*, *Economics Review*, *Local Government's Review*, *Diplomata Diplomatic Magazine*, *INTOSAI Journal*, etc. In the past seven years more than three dozen papers were published. Results and **the most important anti-corruption messages were also transferred via journals and other media channel to support the general public better understand the essence of integrity based society**.

THE DISSEMINATION OF THE CULTURE OF INTEGRITY



5 International Seminars

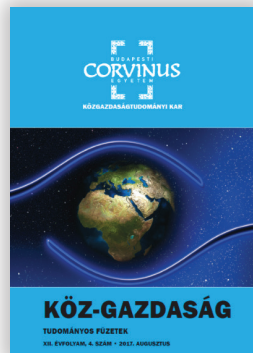
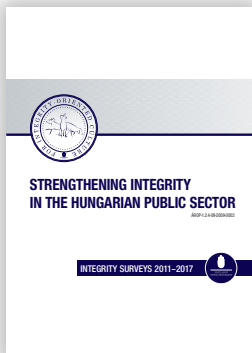
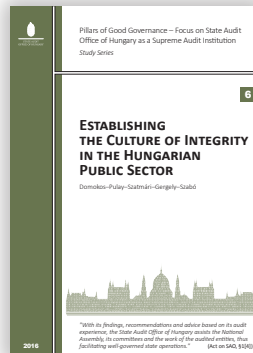
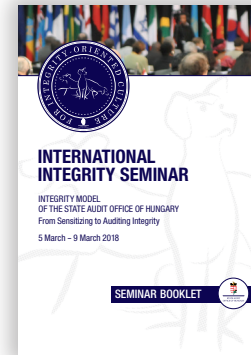
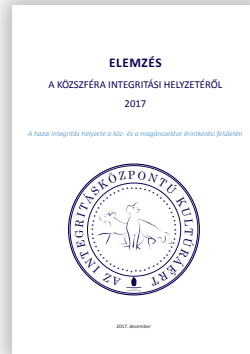
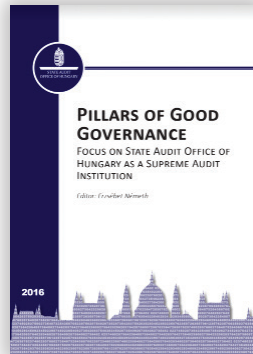


55 Participating countries



164 Trained audit experts of different SAs







Webpages

- <https://asz.hu/en>
<https://www.asz.hu/en/pillars-of-good-governance>
- <https://aszhirportal.hu/en>
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Longitudinal Integrity Reports

- 2017** https://www.asz.hu/storage/files/files/Publikaciok/Elemzesek_tanulmanyok/2017/int_koz2017.pdf?ctid=1126
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