



Auditing for Integrity

Auditors
Alliance

Promote the relevance of ethical conduct in:

- **Supreme Audit Institutions**
- **Public Organisations**

Activities 2012-2018

- Surveys
- Meetings, seminars & workshops
- Papers and articles
- Review of ISSAI 30
- Guidance
- Assistance
- Cooperation
- www.eurosai-tfae.tcontas.pt



- SAIs are not completely aware of the possibilities they can explore in auditing ethics related issues
- **Initiatives and practices to audit ethics in SAIs are very asymmetric**
- SAIs expressed interest that the TFA&E develops common methods and tools to audit integrity

Working Plan 2014-2017

Goal	Objectives	Activities/ Projects
<p>2. Promote ethical conduct in public organisations through the SAIs' audit activities</p>	<p>2.1. Issue common guidelines to audit ethics/integrity</p>	<p>Map and study existing instruments</p>
		<p>Organise seminar about methodologies to audit ethics</p>
		<p>Draft common guidance</p>
		<p>Disseminate and test guidance</p>
		<p>Liaise with other working groups to include an ethical approach in the audit of public procurement</p>

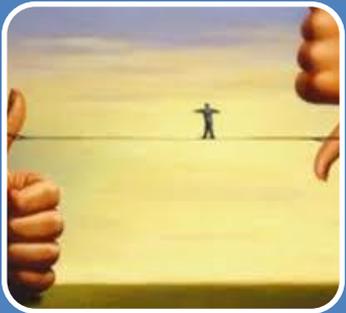
Problems:

- **Mandate of SAIs**
- **Ethical vs Illegal**
- **Different terminology and different concepts on acceptable conducts and desirable controls**
- **No clear criteria**
- **Measurable indicators**
- **Tools to measure**

Important questions:

- **Why to audit ethics/integrity?**
- **Do SAIs have mandate to audit ethics?**
- **Which ethics related issues can SAIs audit?**
- **How to audit (methodology, standards, criteria and tools)?**
- **How to report?**

Guideline “*Audit of ethics in public sector organisations*” May 2017



- **Why** to audit ethics: mandate of SAIs
- **What** to audit: concepts, several possible approaches
- **How** to audit: objectives, audit questions, criteria, methods, measurement, reporting, dos and don'ts
- Links and examples



Auditing Ethics

WHY

- **SAIs are now guardians of good governance and not only guardians of correct accounts**
 - UN World Public Sector Report/UN Committee of Experts on Public Administration/ OECD Public Governance Committee
 - ISSAIs



Auditing Ethics

WHAT

SAIs:

- **Assess internal controls and whether management created an environment where fraud can be prevented and detected**
- **Audit compliance with laws, regulations or other authorities (great degree of international diversity in organising and reporting on compliance audit)**
- **Audit how interventions, programmes and/or institutions are performing and if is there room for improvement**
- **May conduct combined audits incorporating financial, compliance and/or performance aspects**

Different and possible several approaches:

- Raising awareness activities
- Audit ethics as part of the internal control system
- Encourage and promote audits of ethics to be conducted by the organisations themselves or by internal audit
- Audits targeted at the assessment of the ethics control system/ethics infrastructure of public administration or of a certain sector or public body
- Integrity modules in compliance audits
- Audits over specific ethics related subjects (conflicts of interests, revolving doors, whistleblowing, etc)
- Audits to prevent fraud and corruption
- Forensic audits

Holistic approach

The audit of ethics:

- Should go beyond compliance
- Needs to measure cultural dimensions and impacts
- Benefits from participatory evaluation approaches, involving stakeholders
- The SAI as a model



Auditing Ethics

HOW

- **Designing an audit of ethics**
 - holistic approach
 - selection of topics
 - audit objectives
 - audit scope
 - audit questions
 - audit framework
 - audit criteria
 - methods to collect data
 - methods to analyse and evaluate data
- **Reporting and communication**



Auditing Ethics

DO'S AND DON'T'S

Do's and don'ts in the audit of ethics

- Understand and define very well the scope, goal and objectives of the audit of ethics
 - Design the audit to go beyond rules, compliance and processes
 - Go beneath the surface
 - Put the focus on achieving improvement: avoid worrying about identifying cases
 - Mind the neutrality of the SAI
 - Understand specificities
 - Look for additional controls

Do's and don'ts in the audit of ethics

- Be attentive to adequate and effective communication with the auditee
 - Explain and explain
 - No surprise approach
 - Keep communication lines open during the audit
 - Share findings and recommendations beforehand

Do's and don'ts in the audit of ethics

- Use the adequate methods and tools to reach the audit objectives
 - Do not use unclear or unrecognised criteria
 - Ensure consistency
 - Use subjective data to focus the audit but take care of validation
 - Never violate a promise of confidentiality
 - Use benchmarking and maturity models

Do's and don'ts in the audit of ethics

➤ Facilitate positive impacts

- Identify and enhance good practice
- Keep a constructive language
- Avoid unnecessary damage to reputation of institutions
- Prefer transversal audit approaches
- Use several communication tools to maximize impact
- Follow the outcomes



Thank you for your attention

Your questions are welcome

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