


# Auditing Ethics: A Small State Perspective

Task Force on Auditing Ethics  
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## Ethical Issues Addressed

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- 1. Conflict of Interest**  
Inquiry and Report on the Purchase of Personal Computers by a State Owned Corporation – January 2009
- 2. Conflict of Interest**  
State Owned Corporation Tender for Generating Capacity – June 2010
- 3. Unethical Professional Conduct | Inappropriate Use of Official Facilities & Equipment**  
The Professional Conduct of a High Ranking Government Official – March 2013

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## Centrality of Audit Objectives

### Centrality of Audit Objective

- Case Study 1 – Specific objective within a larger number of audit objectives
- Case Study 2 – Ethical issue addressed and explored after starting the audit
- Case Study 3 – Primary objective of the audit

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## Mandate Considerations

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- Mandate to audit ethics and integrity-related issues emerges from NAO's further interpretation of relevant legislation
- 8. (a) *The Auditor General may make special reports to the House of Representatives:*
  - (i) on any matter of pressing importance or urgency;
- No difficulties emerge in this respect as terms of reference (including ethical-related objectives) are agreed with Public Accounts Committee a priori

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## Establishing Audit Criteria

Ethical Issue	Audit	Audit Criteria
Conflict of Interest	Inquiry and Report on the Purchase of Personal Computers by a State Owned Corporation	<ul style="list-style-type: none"> <li>Code of Ethics for Board Directors in the Public Service</li> </ul>
Conflict of Interest	State Owned Corporation Tender for Generating Capacity	<ul style="list-style-type: none"> <li>Code of Ethics for Board Directors in the Public Service</li> </ul>
Unethical Professional Conduct	The Professional Conduct of a High Ranking Government Official	<ul style="list-style-type: none"> <li>Public Service Management Code</li> <li>Code of Ethics for Employees in the Public Sector</li> </ul>
Inappropriate Use of Official Facilities and Equipment	The Professional Conduct of a High Ranking Government Official	<ul style="list-style-type: none"> <li>Public Service Management Code</li> <li>Code of Ethics for Employees in the Public Sector</li> </ul>

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## Ethics-related Audits: Methodological Implications

### Key Methods, Tools and Implications:

- In-depth, recorded interviews with key stakeholders
- Supplemented with review of supporting documentation
  - Board meeting minutes
  - Tender documents
  - Tender evaluation reports
- Difficulty in retrieving relevant audit evidence – breaches in ethical conduct will rarely be formally recorded

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## Findings, Recommendations and Impact

- Possibility of a breach is not an actual breach – elusiveness of certainty
- Role in raising awareness on the importance of adhering to ethical and professional codes of conduct
  - Internal implications (Government-wide awareness)
  - External implications (public perception)

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## Difficulties Associated with the Audit of Ethics

### **The impact of smallness:**

- Ambivalent and ambiguous effect
- Limited resource pool results in multiple roles and relationships as an inevitable reality

### **Consistent shortcomings as a result of inappropriate record-keeping**

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