

Methodological guide for auditing anti-corruption controls

Mrs. Irén Zoltánné Jenei Principal Auditor of the SAO

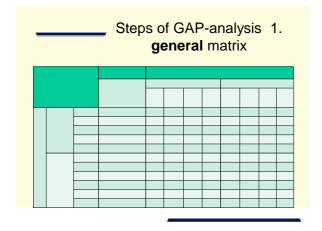
Methodological guide

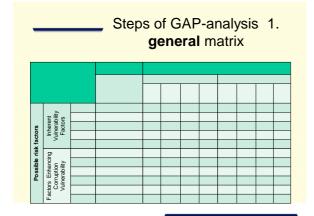
- · Legislative basis of preparation
- · Dual purpose:
 - methodological support to organizations
 - methodological support to the auditors

Goal of the Methodology

- Review of internal regulations in order to evaluate the completeness of managing corruption risks relevant for the organization
- Development and unification in area of methodology related to the monitoring of controls methodology aiming to prevent corruption

Methodological approach	
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Identifying corruption risks	
 Defining the controls that are suitable to mitigate and manage risks 	
Evaluation of completeness of controls in regulations	
Identifying possible regulatory gaps	
GAP-analysis, a unified framework	
dilliled framework	
Systematization	
• Evaluation	
 Regulation 	
Steps of GAP-analysis 1.	
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1. Mapping integrity risks and controls	





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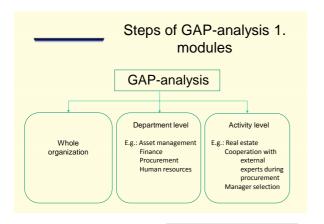
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Steps of GAP-analysis 1. general matrix Weighing Applied or possible controls XXX-critical Hard controls Soft controls Applied or possible controls XXX-critical Hard controls Soft controls Applied or possible controls

Steps of GAP-analysis 1. general matrix Weighing XXX-critical XX-significant XX

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Steps of GAP-analysis 1. department level

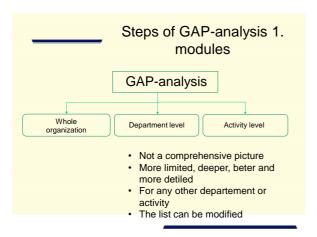
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Possible risk factors	ncing ty	Organizational changes										
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S.	Factors Enhancing Corruption Vulnerability	Lack of sustainability study										
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Steps of GAP-analysis 1. activity level

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	State	property leasing and sale	XXX-critical XX-significant X-moderate	Inventory controls	Commitment regluations	Certificate of completion	Regulation on evaluation of assets	Cost-benifit analysis regulations	Indicators	Procurement regulations	Training regulations	GAP - Lack of controls
	>-	Defining affected properties										
	Inherent Vulnerability Factors	Determination of rates										
factors	Inherent Jinerabili Factors	Equity										
	_≥≥	Late payment from lessee or customer										
e risk	ncing r y	Rent or utility arrears accumulation										
Possible risk	Factors Enhancing Corruption Vulnerability	Real estate records inaccuracy										
ĕ	S S S	Real life vs. contract differences										
	Fact	Maintenance needs										

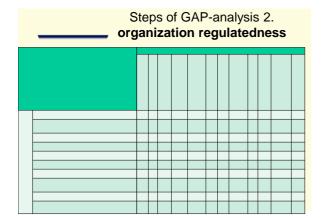
	Steps of GAP-analysis 1. executive level Weighing Applied or possible controls														
		Weighing			Applie	ed or p	oss	ible	contr	ols					
		XXX-critical XX-significant X-moderate	Organizational and Operational Rules	Conflict of interest regulation	System of management selection	Regulation of internal and external communication	Complaints handling system	Internal training plan	Management information and reporting system	Organizational strategy	Irregularity handling				
	Lack of leadership competencies														
S	Professionak unpreparedness														
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isk f	Incorrect handling of complaints														
e r	Conflict of interest														
Possible risk factors	Negligence of control activities														
2	Poor internal and external communication										ıŢ				
	Lack of operation transparency														

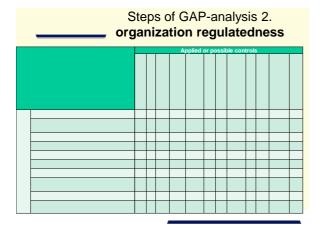
	Steps of GAP-analysis 1. executive level Weighing Applied or possible controls														
		Weighing			Applie	ed or p	oss	ible	conti	rols					
		XXX-critical XX-significant X-moderate	Organizational and Operational Rules	Conflict of interest regulation	System of management selection	Regulation of internal and external communication	Complaints handling system	Internal training plan	Management information and reporting system	Organizational strategy	Irregularity handling	GAP - Lack of controls			
	Lack of leadership competencies														
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le ri	Conflict of interest														
Possible risk factors	Negligence of control activities														
Po	Poor internal and external communication														
	Lack of operation transparency														



Steps of GAP-analysis 2.

- 1. Mapping integrity risks and controls
- 2. Completeness of regulation of possible controls





Steps of GAP-analysis 2. organization regulatedness Applied or possible controls													
		Professional report	Commitment regluations	Certificate of completion	on evaluation	Regulation on cooperation with external experts	Using indicators d	Training regulations	Cost-benifit analysis coulations	Procurement regulations	System of leadership selection	Regulation of internal and external communication	Management information system

	Steps of GAP-analysis 2. organization regulatedness													
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i i	Accountung rules													
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Completeness of the controls in the regulations	Management selection and management information system													
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	Steps of GAP-analysis 2. organization regulatedness Applied or possible controls													
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Completeness of the controls in the regulations	Management selection and management information system													
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Steps of GAP-analysis 2. organization regulatedness Applied or possible controls Applied or possible controls Applied or possible controls Organizational state of particular state o

Steps of GAP-analysis 3.

- 1. Mapping integrity risks and controls
- 2. Completeness of the controls in the regulations
- 3. Regulatory gap elimination

Auditors' role with respect to the functioning of corruption controls

Obtaining certainty:

- The audited entity identified all the risks during risk assessment
- The risk management has been done with sufficient frequency
- . The appropriate risk management controls have been developed
- Risk management tasks and responsible persons are clearly defined
- All necessary regulations defining the conditions of controls are available
- The entity updated the regulations and ensured their enforcement
- The entity regularly reviews the operation of controls in practice

Internal departments and external organizations performing audits

- · Within the organization
 - Control activities
 - Internal control
- · External organizations
 - Supervisory body
 - State Audit Office of Hungary
 - Integrity perspective
 - Dissemination of corruption risks approach

Thank you for your attention!