



Benchmarking in Integrity Audit

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Topics

- Auditing integrity: Why
- Auditing integrity: What
- Auditing Integrity: How
- Auditing integrity: Benchmarking
- Some challenges



Auditing Integrity: why?







Auditing Integrity: what?

Principle based

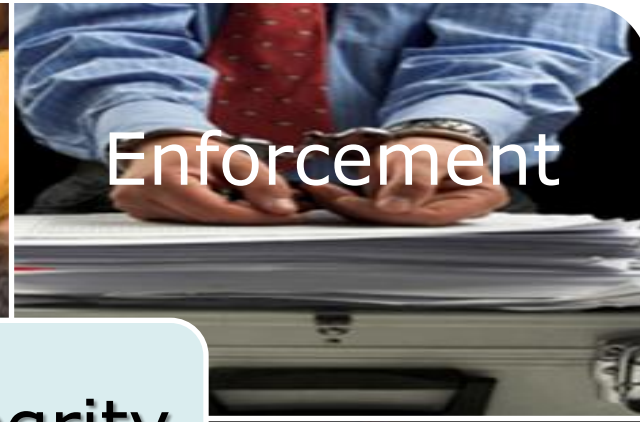
- Managerial
- Prevention
- Facilitating ethical culture
- Wide definition
- Ownership:
 - (Civil) society
 - Management

- Legalistic
- Repression
- Detection and punishment
- Narrow definition
- Ownership:
 - Legislator
 - Law enforcement

Rule based



Culture



Enforcement

Integrity



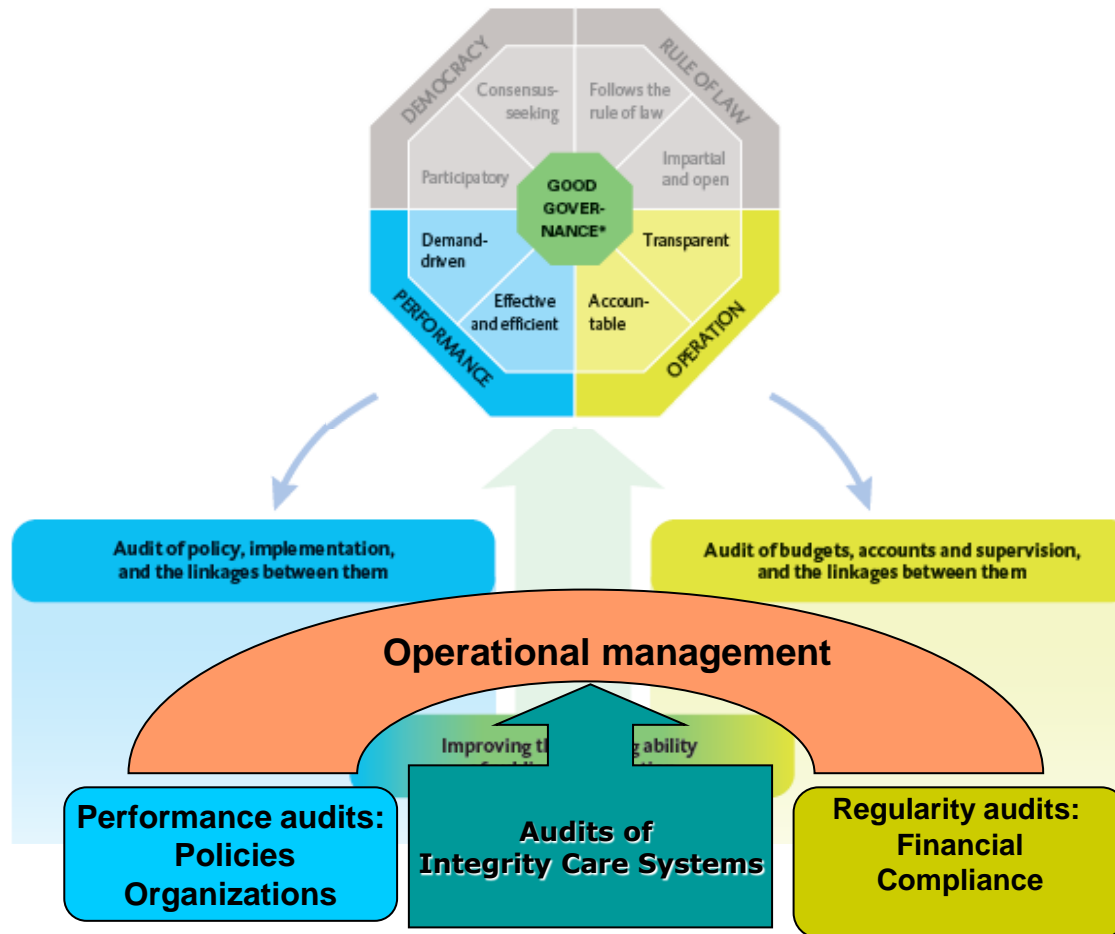
Management



Compliance



Auditing integrity





Audit objective

To determine whether a public sector organisation has:

- implemented an adequate set of **integrity measures**
- to **control** its integrity **risks**
- that might seriously **undermine confidence** in the organisation and thus in its image and continuity.

This may lead to an **opinion** on the maturity of the entity's **Integrity management**



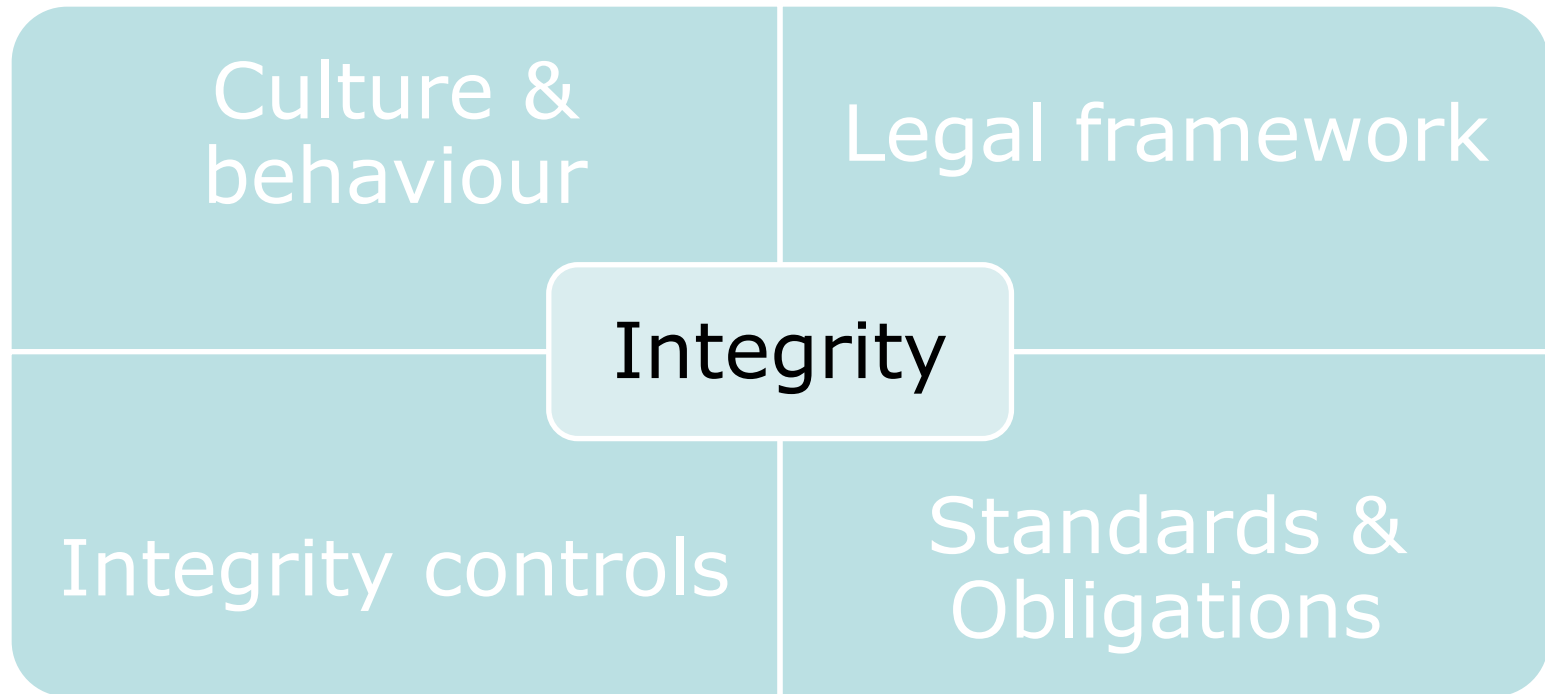
Purpose of integrity audits

- 1. Stimulate awareness and improvement**
- 2. Determine strengths and weaknesses in a specific entity**
- 3. Identify weak organisations, departments or sectors in the public sector**

Not: detect incidents of fraud and corruption



Auditing integrity: How?





Legal framework

Requirements that are based in laws or bylaws, that have a relation with integrity and that public entities need to implement. For instance:

- Laws on the civil service
- Access to information law
- Financial Disclosure law



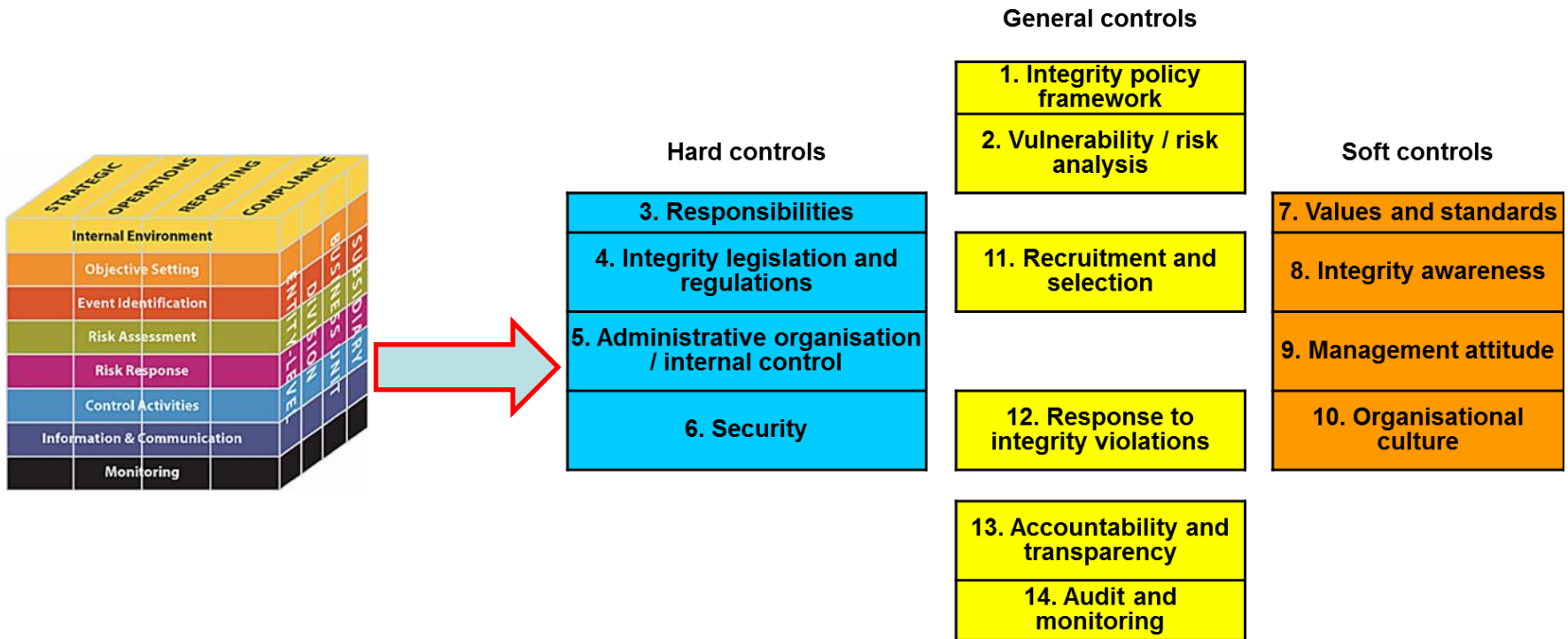
Standards and obligations

Obligations or good practices for a specific sector, for instance:

- International agreements, e.g. UNCAC
- Codes of conduct
- Citizens charter



Integrity control system





Behaviour and culture

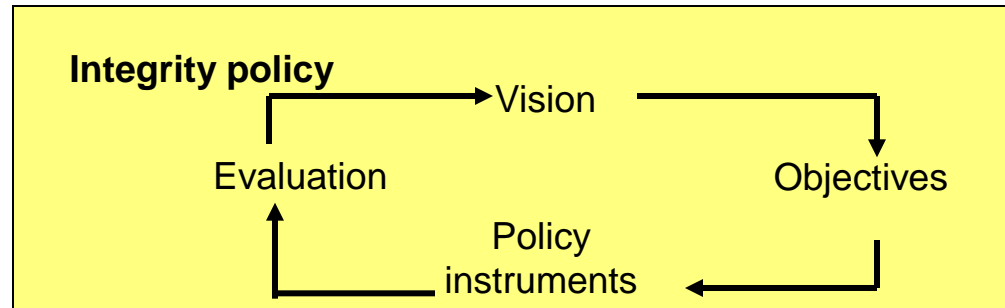
Elements of an organization's culture that strongly influence the outcome of integrity:

- Tone at the top
- Shared values and norms
- Experiencing Fairness of treatment
- Good relationships among colleagues



Basic audit framework

Integrity Care System



Execution of instruments

Hard controls:

Codes, rules, regulations, investigations, sanctions

General controls: Internal control, audits, risk analysis

Soft controls: Ethics training, leadership, awareness



Ten Golden Rules

- **Scope:** focus on prevention not on incidents
- **Clear criteria:** what is required both by law and good (risk) management
- **Benchmark:** in time, between entities, motivates improvement
- **Introduction:** meet with the auditee to explain the audit
- **No surprises:** communication during the process
- **Involve auditee:** creates ownership and incentives to improve
- **Verify observations:** send observation to auditee to verify
- **Contradictory procedures:** ask reaction of auditee
- **Publication:** full & fair publication of all results
- **Follow-up:** especially with staff of auditee (share ideas on how to improve)



Benchmarking: a case study

- Compare the organisation's performance and/or process with best practice
- Within a peer group
- Develop plans to make improvements
- Continuous process

- Purpose: stimulates improvement
- Monitoring



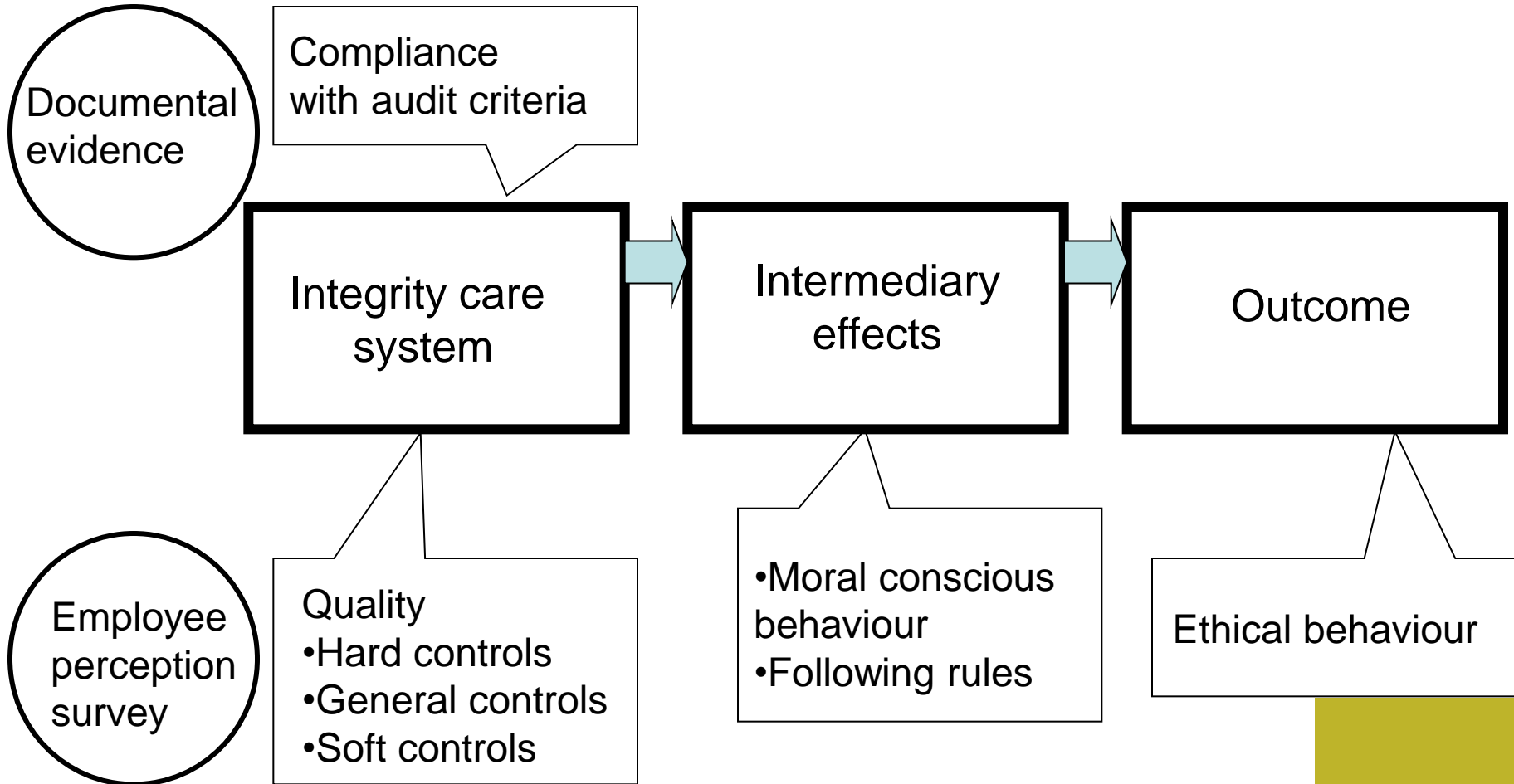
Benchmarking integrity controls

- Integrity management: a base line measurement in 2004 (2005)
- State of integrity management in central government in 2009 (2010)





Audit design 2009





Results

	AZ		BUZA		JUS		BZK		OCW		FIN		DEF		VROM		V&W		EZ		LNV		SZW		VWS		
	2009	2004	2009	2004	2009	2004	2009	2004	2009	2004	2009	2004	2009	2004	2009	2004	2009	2004	2009	2004	2009	2004	2009	2004	2009	2004	
Integriteitsbeleid	+	+	+	⊙	⊙	+	+	+	+	+	+	⊙	+	⊙	+	+	+	+	⊙	+	+	+	+	+	⊙	+	⊙
Gedragcode	+	-	+	+	+	+	+	+	⊙	+	+	+	+	+	+	+	+	+	⊙	+	⊙	+	+	+	+	+	-
Beleidsvaluatie	+	-	+	-	⊙	-	⊙	-	+	-	-	-	+	⊙	+	-	+	+	+	-	⊙	⊙	+	-	⊙	-	
Risicoanalyse	+	⊙	+	+	-	-	⊙	-	⊙	+	-	⊙	-	⊙	+	⊙	+	⊙	⊙	⊙	+	-	⊙	-	+	-	
Interne controle	+	-	+	⊙	⊙	-	+	⊙	+	⊙	⊙	-	-	-	⊙	⊙	+	⊙	+	+	-	⊙	+	-	-	⊙	
Integriteitsaudits	+	⊙	+	-	+	+	+	+	⊙	+	+	-	+	+	+	+	+	+	+	+	+	+	-	+	-	+	
Meldingenregistratie	+	⊙	+	-	+	⊙	+	⊙	+	⊙	⊙	⊙	+	+	+	⊙	+	⊙	+	⊙	⊙	+	+	+	-	-	⊙
Inbreukenregistratie	+	⊙	+	⊙	+	-	+	-	+	⊙	+	⊙	-	-	+	⊙	+	⊙	+	+	⊙	+	+	+	⊙	-	⊙
Onderzoeksprotocol	+	+	+	+	+	+	⊙	+	⊙	-	⊙	+	-	+	+	+	+	-	-	+	+	+	⊙	⊙	⊙	⊙	
Aangifte OM	+	+	+	+	+	⊙	+	+	+	+	+	+	⊙	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Registratie bestraffingen	+	-	+	-	+	-	+	-	+	-	+	-	-	-	+	-	+	+	+	+	⊙	-	+	-	-	-	

+ Wel in voorzien
 ⊙ Ten dele in voorzien
 - Niet in voorzien



Employee perception survey

- Enrichment of documental evidence
- Insight in effects and maturity of instruments; especially soft controls
- Internet survey amongst 17.000 civil servants (a-select)
- Integrity module validated employee perception survey "InternetSpiegel"
- Added items on knowledge of regulations, policy and values
- 6579 respondents (38%)



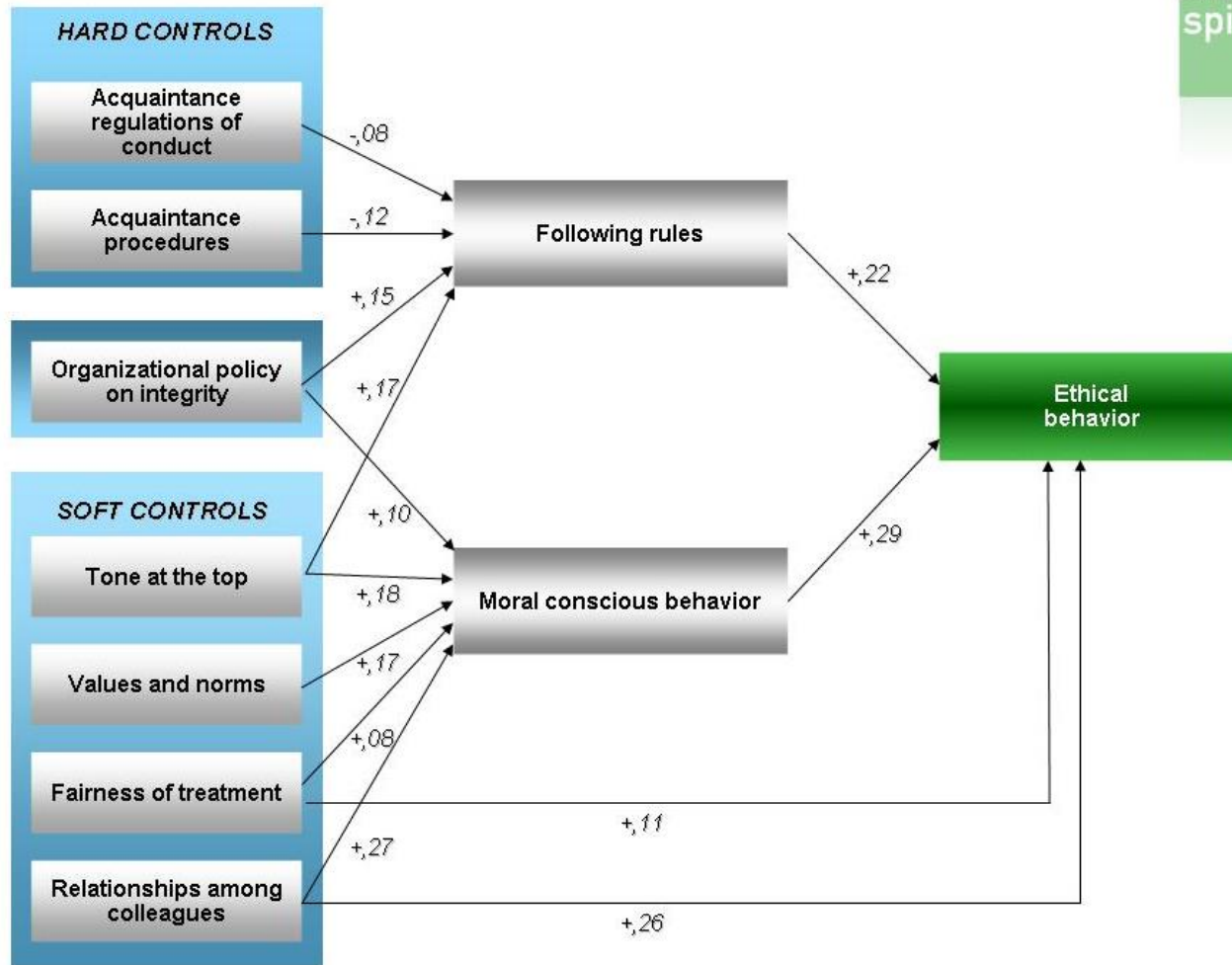
Benchmarking results

1 | Medewerkers kunnen erop rekenen dat ze op eerlijke wijze worden behandeld





Results





Main findings perception survey

- Emphasis on *soft controls*: have more impact on perception of integrity than *hard controls*
- Better communication on policy, rules, procedures and violations is needed
- Tone at the top and ethical guidance of management needs more attention
- Discrepancy between perception of management and workforce: Management underestimates the risks



Follow-up

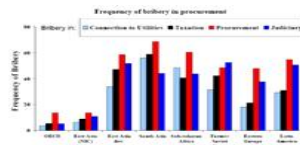
- Results shared with each organisation with workshops, focused on improvement
- Employee perception survey released as a internal monitoring tool for PSO
- Ministry of interior took up monitoring integrity of PSO
- BIOS developed leadership training



Some challenges



monitoring



Source: Transparency International, 'World Bribe (2006)', based on Executive Opinion Survey 2007 of the World Economic Forum covering 117 countries. Questions posed in the survey: 'In your industry, how commonly does public officials request bribes to perform their duties?' (1=never, 2=sometimes, 3=often, 4=very often)



Country	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Albania	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Belgium	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Bulgaria	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Czechia	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Denmark	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Estonia	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
France	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Germany	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Greece	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Hungary	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Iceland	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Ireland	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Italy	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Latvia	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Lithuania	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Luxembourg	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Netherlands	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Norway	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Poland	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Portugal	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Romania	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Slovakia	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Slovenia	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Spain	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Sweden	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Switzerland	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Turkey	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Ukraine	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
United Kingdom	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
USA	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0





Some challenges



DREAM

BIG



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