



Seminar TFA&E

Methods and measuring tools to audit ethics

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TOOLS USED BY THE STATE AUDIT OFFICE OF THE REPUBLIC OF CROATIA TO AUDIT ETHICS RELATED ISSUES

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Introduction

- In last three years - three audits dealing with ethical issues
 1. Financial statements and operations of political parties.
 2. Preventing and Detecting Fraud in Companies Owned by Local and Regional Governments
 3. Functioning of the Ethics Infrastructure in Governmental Administration Bodies

1. Financial statements and operations of political parties

The State Audit Office performs annual audits of the financial statements and operations of political parties (which covered **29 political parties**)

In 2013 audit sought to explore whether these political parties:

- had adopted their codes of ethics and/or
- other documents that define rules about conduct as well as
- high and clear standards of ethical behaviour required of their employees and members, and
- how these rules were applied in political and other activities related to the operation of each political party.

1. Financial statements and operations of political parties (Cont.)

Main methodological tools → Financial Audit Manual
→ Guidelines for auditing political parties

Specific tool related to ethical issues → **CHECK LIST**

- consisted of nine audit areas and
- questions in the area of internal control system related to ethics

Results

- in second year - significant improvement
- recommendation - Code of ethics, set clear rule of conduct ect.

2. Preventing and Detecting Fraud in Companies Owned by Local and Regional Governments

Various Methods used:

- Analysis of regulatory framework
- Interviews and meetings
- Reviews of relevant documentation
- Direct evidence examination,
- Field work and deskwork,
- Evaluation of the answers given to the questionnaire.

2. Preventing and Detecting Fraud in Companies Owned by Local and Regional Governments (Cont.)

Main methodological tool → Performance Audit Manual

Specific tool related to ethical issues → **QUESTIONNAIRE**

- Sent to **106** companies
- Consisted of four sections
- **29** detailed questions
 - The **first section** - policies and procedures to prevent fraud,
 - The **second section** - responsibilities of managers and other employees to prevent fraud,
 - The **third section** - the internal control system with regard to the appearance of fraud and analytical and
 - The **fourth section** - other procedures for detecting fraud.

3. Functioning of the Ethics Infrastructure in Governmental Administration Bodies

Various Methods used:

- Analysis of regulatory framework
- Interviews and meetings
- Reviews of relevant documentation
- Examination policies and procedures to the specific cases,
- Field work and deskwork,
- Evaluation of the answers given to the questionnaire.

3. Functioning of the Ethics Infrastructure in Governmental Administration Bodies (Cont.)

Main methodological tools —→ Performance Audit Manual
—→ Audit Study
—→ Specific audit programme

Specific tool related to ethical issues —→ **QUESTIONNAIRE**
in order to assess the functioning of ethics infrastructure in governmental administration bodies as well as ethics in the conduct of civil servants

Questionnaire was divided in **four** sections:

- The **first** section - basic information
- The **second** section - basic demographic question
(4 questions)
- The **third** section - about civil servants personal knowledge of ethics (11 questions)
- The **fourth** section - functioning of the ethical infrastructure, adherence to ethical value and the application of ethical principles (21 questions)

3. Functioning of the Ethics Infrastructure in Governmental Administration Bodies (Cont.)

- received **1 933** answers
- **36** questions
 - 26 questions close-ended and combined
 - 6 questions multiple-choice
 - 4 basic questions
 - gathered in a period of **two weeks**

The reason for choosing this approach: to collect objective answers.

Conclusion

THROUGH ALL THREE AUDITS WE USED:

- Performance Audit Manual
- Financial Audit Manual
- Guidelines for auditing political parties
- Audit plan and programme
- Questionnaires and
- Check list as specific tools.

In all three audits, mentioned tools → very useful:

- for obtaining necessary information
- for confirmation of conclusions
- for confirmation of recommendation in the sense of development of the system.

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THANK YOU FOR ATTENTION !!!

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