EUROSAI
Task Force on Audit & Ethics

Seminar on Methods and Measuring Tools to Audit Ethics
Ankara, Turkey, 26-27 November 2015

Minutes

I. The **EUROSAI Task Force on Audit & Ethics Seminar on Methods and Measuring Tools to Audit Ethics** was held in **ANKARA**, kindly and effectively hosted by *the Turkish Court of Accounts of Turkey*,**TCA**, on the 26-27 th November 2015.

II. Although the seminar was supposed to be intensively-attended, the expected representatives of following SAIs, i.e, Brazil, Croatia, ECA, Finland, Germany, Hungary, Macedonia, Montenegro, Netherlands, Portugal, Romania, Russia, Serbia, Switzerland and the guests from IDI and ECIIA didn't participated to the seminar informing their last minute withdrawal because of concerns related to the international circumstances.

The following representatives of SAIs and countries attended the seminar of the EUROSAI Task Force on Audit & Ethics:

Country	Name
AFROSAI-E	Mr. Gorden Amon KANDORO
ALBANIA	Mrs. Jorida ZHEGU

	Mrs. Yllka MALAJ Mr. Agron OPARI
BULGARIA	Mr. Tzvetan TZVETKOV Mrs. Vyara ANGELOVA
CZECH REPUBLIC	Mr. Michal PLETICHA
MOLDOVA	Mrs. Chiosa AUREL Mr. Nicolaeseu VERA
POLAND	Mr. Jacek JEZIERSKI Mr. Zbysław DOBROWOLSKI
SPAIN	Mr. Miguel Ángel VAZ-SERRA
TURKEY	Mr. Yaşar UZUN Mr. Murat ALTUN Mr. Abdulkadir BARUTÇU Mr. Mehmet Ali BAKAR Mrs. Berna DINÇ Mrs.Berna ERKAN Mr. Murat INCE Mr. Nevzat KUL (Land Registry) Mr. Sinan ŞIĞVA(Land Registry) Mr. Fuat CANAN (Board of Ethics for Public Officials) Mrs.Seda KARTAL (Board of Ethics for Public Officials)

III. Agenda

Since more than half of the SAIs supposed to participate (including the Chair SAI) were not available in the seminar due to the aforementioned reason, the host country has restructered the program by depending on the first

adopted program of the Chair of Task Force as much as possible and taken the aproval of current participants available and of the Chair to proceed.

The agenda for the seminar was restructered as follows:

Thursday, 26 November 2015		
09h00-09h25	1. OPENING OF THE SEMINAR, • *Mr Recai AKYEL,* President of The Turkish Court of Accounts (TCA), *Sayistay,* • *Mr. Jacek JEZIERSKI,* Honorary President of SAI of Poland • *Mr. Tzvetan TZVETKOV*, President of the National Audit Office of Bulgaria	
09h25-09h30	GROUP PHOTO	
09h30-09h50	2. INTRODUCTION, Mr.Yaşar Uzun, Principal Auditor of the Turkish Court of Accounts	
09h50-12h00	SESSION I – THE IMPORTANCE OF AUDITING ETHICS	
	09h50-10h10	3. Plenary, *Mr Fuat Canan, Council of Ethics of Turkey*, Ethical control of senior public officials by the Council of Ethics Board in Turkey
	10h10-10h30	4. Plenary, *Mr. Tzvetan Tzvetkov, President of the National Audit Office of Bulgaria*, The importance of auditing ethics for a SAI
	10h30-11h00	COFFEE BREAK
	11h00-11h30	5.Plenary, *Prof. dr hab. Zbysław Dobrowolski, SAI of Poland*, Management Control in Public Sector
	11h30-12h00	6. Plenary, *Mr Nevzat Kul, Land Registry of Turkey,* The Ethics Audit Toolkit
12h00-13h30	LUNCH	

13h30-14h00	**SESSION II –ISSAI UPDATES**	
	13h30-14h00	7. Plenary *Mr. Jacek JEZIERSKI, Honorary President of SAI of Poland,* **ISSAI 30 Review Updates**
14h00-15h20	**SESSION III –EXISTING MODELS/EXPERIENCES TO AUDIT ETHICS**	
	14h00-14h30	8. Plenary, *Mr Gorden Kandoro, AFROSAI-E,* **The AFROSAI-E Guideline on Preventing and Detecting Fraud and Corruption**
	14h30-14h50	COFFEE BREAK
	14h50-15h20	9.Plenary, *SAI of Costa Rica (by video) and Mr Miguel Ángel Vaz-Serra, SAI of Spain,* **Guidance and tools prepared by the SAI of Costa Rica on how to audit ethics**
15h20-16h20	**SESSION IV- COMMON GUIDELINES TO AUDIT ETHICS**	
	15h20-16h20	1o.Plenary, Discussion, **specific issues to consider when drafting the** ethics audit guideline, **Facilitator**: Mr.Yaşar UZUN, Principal Auditor of the Turkish Court of Accounts

Friday, 27 November 2015

09h30-11h20	**SESSION I- SEMINAR EVALUATION WITH TURKISH COURT OF ACCOUNTS's STAFF**	
	09h30-09h50	11. Plenary, *Mr. Yaşar UZUN, Principle Auditor of TCA,* **Introducing *EUROSAI TFA&E* to the staff of the Turkish Court of Accounts (TCA),**
	09h50-10h20	12. Plenary, *Mr.Recai AKYEL, The President of Turkish Court of Accounts (TCA),* **Ethics and proper implementation issue of the audit**
	10h20-10h50	13. Plenary, *Mr. Jacek JEZIERSKI, Honorary President of SAI of Poland,* **Revision of ISSAI 30 INTOSAI Code of Ethics**

	10h50-11h15	14. **Plenary**, Mr. Tzvetan TZVETKOV, President of the National Audit Office of Bulgaria, **The importance of auditing ethics for a SAI**
11h15-11h20	**CLOSING OF SEMİNAR**	
11h20-11h40	**COFFEE BREAK**	
11h40-12h00	**VISIT** to the museum of Turkish Court of Accounts	
12h00-13h00	**LUNCH**	
13h00-17h00	**SOCIALPROGRAM**	

IV.   Progress of the seminar

Under each item of the restructered agenda, the following issues were presented and/or discussed:

1.	**Welcome and OPENING OF THE SEMINAR**
	- The President of the *Turkish Court of Accounts*, welcomed participants, highlighted the importance of promoting ethics management in public organisations through audit activities and appreciated the valuable works of TFA&E. - Honarary President of SAI of Poland delivered an opening speech. He pointed out the upcoming presidency of Turkey to EUROSAI community and evaluated it as an important opportunity since the Code of ethics is being

	reviewed within the EUROSAI and hopes that Turkey will give due importance to this issue and draw the attention to the ethics related issues more within the community. • The President of the National Audit Office of Bulgaria also delivered an opening speech. He stated that the seminar can help SAIs improve their capacity in auditing ethics and ethic related issues. Ethic climate is the part of internal control systems. It is why SAIs should pay attention to ethical management issues. • A round table for presentations was held.
2.	**INTRODUCTION**
	• Moderator SAI (Turkish Court of Accounts), suggested a restructured program for the participants. By sharing it with the participants available, the restructered agenda was discussed, the purpose and methodology proposed for the seminar was confirmed. • Moderator SAI (Turkish Court of Accounts) delivered a presentation about the mission and activities of TFA&E in order to introduce it to all participants and about the purpose of the seminar.
3.	**PRESENTATION OF THE COUNCIL OF ETHICS BOARD IN TURKEY**
	• The presentation focused on ethical control of senior public officials by the Council of Ethics Board in Turkey. • The Council is carrying out its control function by an inquiry upon the complaints received or its own initiative (ex-officio) depending on analysis of media coverage and other findings on corrupt practices of senior public officials. • Upon application claiming the violation of ethical principles by senior public officials, the *rapporteurs* of the Council assess the subject of dispute, and upon identification of violation of ethical principles as determined by legislation, the case is submitted to the

	Board. If the Council decides to proceed the allegation, it may ask further documents and information from related public institution through its rapporteurs. • If the Council decides that a public official has performed an administrative action violating ethical principles, this decision is announced to the public through the Council's web site respecting the privacy of senior public official under investigation.
4.	**PRESENTATION OF THE NATIONAL AUDIT OFFICE OF BULGARIA**

	• The presentation emphasized the importance of auditing ethics by pointing out to the following reasons;
	
	  o Ethics is a required part of the public governance;
	  o Ethics is a key factor for the achievement of the organization's objectives;
	  o To explore sensitive areas related to ethics;
	  o Ethics can restore the trust and confidence in the public organizations;
	  o It would promote transparency, accountability, and value for money;
	  o Ethics audit can foster integrity and ethical decision making process.
	
	• In the presentation, possible ways for a SAI to check the ethics in the organizations were mentioned as follow:
	  o When examining the internal control system of the audited organization both the adequacy of the control environment and the reliability of the established control procedures are assessed.
	  o An assessment of the operating effectiveness of the key controls is carried out.
	  o As a separate compliance audit, aimed at assessing the existence and the functioning of the ethical infrastructure.
	• In the presentation it was stated that there are sensitive areas such as the conflict of interest, fighting against corruption, public procurement etc. which may be

	included in the scope of an audit on ethics and they can be subject of a separate audit, as well.
5.	**PRESENTATION OF THE SAI OF POLAND**
	- In presentation, the definition of management control from management science perspective was given and one of the goals of the management control was stated as "to follow and promote the principles of ethical conduct". - It is quite clear that how strong management control is carried out on legality, transparency, integrity and accountability, the level of public trust would be high. - Carrying out the requirements of key components of internal control system would enhance the management control capacity and at the end the integrity of organizations. - The presentation focused on following factors that can contribute to ethical collapse: - Pressure to meet the numbers for established or expected performance measures. - Fear and silence. - Lack of ethical climate in human resource management. - Weak internal controls and weak external supervision - A culture of conflicts.
6.	**PRESENTATION OF LAND REGISTRY OF TURKEY**
	- The presentation was about the integrity management system project of Land Registry of Turkey and its outcome product ethics audit toolkit and ethics audit process. - The main purpose of developing integrity management system is to enhance customer confidence, i.e. public trust. - Land Registry identified four stages to assess its ethical

	performance: planning, fieldwork, reporting, and follow-up.
	• In planning stage, an initial meeting is hold with key stakeholders to discuss the aims and the scope of the ethics audit.
	• The fieldwork stage of the ethical audit will be directly contingent upon the scope of the performance measurement as identified in the planning stage.
	• Following an analysis of data collected at each stage, agreed judgments, evidence, impact and recommendations, a summary report with recommendations or a presentation with recommendations is prepared.

	• Data collection methods to be used throughout all stages are as follow:
	
	    o A diagnostic self-assessment survey
	    o Interview and focus group questions
	    o List of documents for analysis

7.	**ISSAI 30 REVIEW UPDATES**

	• The SAI of Poland, chair of the ISSAI 30 review team, summarised the progress of the work. Presentation started with the background information of review activity. In presentation, it was highlighted that the main objective of the review is to make the standard more useful to SAIs and to make it meet the challenges of the current public audit environment, and it draw the attention for the main agreements reached so far.
	• In the presentation, the structure of revised ISSAI 30 was also shared with participants under the following headings:
	    o Introduction and technical information
	    o Preamble

	o Overall approach to fostering professional and ethical behaviour o Overall responsibilities of a SAI o Values discussed separately; under each value a short explanation, as well as requirements for both SAIs and their staff, and application guidance hints o Definitions of key terms Presentation pointed out to the five key values agreed: Integrity ; Independence and Objectivity; Competence; Confidentiality; Professional behaviour. The intended schedule is that a final draft is ready for approval by the PSC Steering Committee in September 2015, an exposure draft is posted in www.issai.org on October 2015 and the revised ISSAI 30 is approved in the XXII INCOSAI in Abu Dhabi (December2016). In the presentation, the reason of keeping ISSAI 30 at level 2 was explained as to highlight the leadership of SAIs in terms of improving ethical infrastructure.
8.	**PRESENTATION OF AFROSAI-E**

	• Presentation started with the introduction of AFROSAI-E, i.e. the mission, value statements, governance structure, members and capacity building process of it. 2015-2019 strategic goals and related activities carried out in line with them were shared with the participants.
	
	• In the presentation, it was mentioned that Africa has lost huge amount of money because of the illicit transfer of funds in Africa and it challenges of detecting and preventing fraud & corruption. It was stated that the contribution of SAIs in fighting against fraud and corruption would be in following areas;
	
	    o Creating a climate of good governance
	    o Fostering strong partnerships with state institutions such as the prosecution, police authorities and other bodies mandated to fight

	fraud & corruption
	
	  o Agitating for support and enable the strengthening of the internal control environment of public sector institutions
	
	• Following were stated as the purpose of the guideline on preventing and detecting fraud and corruption;
	
	  o To support SAIs in enhancing fraud prevention through auditing, and
	
	  o To support SAIs in handling indications on fraud, through a professional and constructive relationship between the SAI and the auditees as well as the law enforcement agencies.
	
	• Presentation emphasized that in the development process of the guideline, AFROSAI-E has benefitted from the regional experiences of some African SAIs (i.e. SAIs of Tanzania, SAI of Kenya and SAI of Zambia) and the institutional support of some Europan countries (i.e,The Netherlands Court of Audit (NCA), The Norwegian Court of Audit and Swedish National Audit Office).
	
	• In the presentation, the structure of the guideline was summarised under the following headings:
	
	  o Background to fraud
	  o Prerequisites and organisation of the work in the SAIs when fighting fraud
	  o Preventive audit approaches on fraud and corruption
	  o Addressing fraud and corruption
	
	• In the guideline, The IntoSAINT tool, National Integrity System and Integrity Management Control systems were used as detecting and preventing approaches.

9.	**VIDEO OF SAI OF COSTA RICA AND PRESENTATION OF SPAIN**
	• Participants watched the extracted video of SAI of Costa Rica about ethics audit guideline. SAI of Spain made a presentation on the ethics audit guide depending on the

	the video watched. • In the presentation, it was stated that how the Comptroller General of the Republic of Costa Rica (CGR) developed audit guide for internal auditors to conduct audits of ethical aspects of public institutions. • In the guide, the structure is shaped by following headings; o theoretical discussion of ethics, o characteristics of auditing ethics, o the need for institutional ethical framework, o ethical program (institutional values, ethical codes, vision and mission, ethical indicators of institutional management), o ethical environment (shared values, organizational climate, management style, decision-making process, personal behavior), o the integration of ethics (incorporation of ethical control in system and procedures, sensitive areas such as HRM, financial contracts etc.) • In addition to interviews and survey, evaluation of each component, documentation and presentation of findings, following were stated as tools developed to use in auditing ethics: o General work programme o Guide for assessing the institutional framework in the ethics field o Guide to the SWOT analysis of organizational ethics o Maturity model on organizational ethics o Guide to interviewing top management o Guide to interviewing senior management and others o Survey to the staff of the institution o Guide for the preparation of the summary of findings sheet o Summary of findings sample sheet
10.	**DISCUSSION**

- The host SAI, Turkish Court of Accounts conducted a small discussion with participants on specific issues to consider when drafting the ethics audit guideline.
- Participants pointed out to the following suggestions for a succesful ethics audit guideline:

1. The quideline should answer clearly to the questions as follow; why auditing ethics, what to audit and how to audit.
2. The guideline should reflect the experiences of SAIs in auditing ethics-unlocking the experiences.
3- It should explain what methodology to use and how it should be used.
4- The guideline should clearly state the mandate of SAIs to conduct ethics audit.
5- In the guideline, there should be a framework to audit.
6- Timing and frequency of the ethics audit should be mentioned in the guideline.
7- Data gathering techniques are key essentials to cover in the guideline.
8- Users of the guideline should be emphasized.
9- Basic terms related to the topic and their definitions should be clearly explained.
10- The guideline should adress to the roles and responsibilities of stakeholders related to ethical management.
11- It should cover the assesment of standards on ethical behaviours.
12- Role of SAIs in enhancing of ethical culture should be strongly emphasized.
13- In the guideline, a room for whistleblowing system should be opened to evaluate.
14- Clear definition of ethics, so called ethics related issues, definitions of ethics values.
15- Stakeholders opinions should be taken into account for the guideline.
16- Internal control system comparisons could be a perspective to use in the guideline.

11.	INTRODUCING *EUROSAI TFA&E* TO THE STAFF OF THE TURKISH COURT OF ACCOUNTS (TCA)
	• The host SAI made a presentation to the own staff about the key mission of the Task Force, its members, papers and activities since establishment.
12-	ETHICS AND PROPER IMPLEMENTATION ISSUE OF THE AUDIT
	• President of the Turkish Court of Accounts delivered a speech to the staff and the participants of the seminar. • In the presentation, the importance of proper audit and requirements for implementation of proper and quality audit were emphasized. The role of code of ethics in audit is of great importance in carrying out the audit. • Audit institution and auditors should be in endeavor to carry out their activities correct and in line with the quality and ethics. In this regard, necessary systems must be set up, process must be followed, related procedures must be generated, implemented, followed up and corrective activities must be carried out. • Ethics audit will encourage and promote ethical management in public administrations.
13.	REVISION OF ISSAI 30 INTOSAI CODE OF ETHICS
	• SAI of Poland made a presentation to the staff of the TCA about the latest updates on revision works of ISSAI 30 INTOSAI Code of Ethics. • The presentation covered the explanations such as the scope and the objective of the ISSAI 30 revision, areas of revision, content and structure of it, ultimate goal of the work. • In the presentation, the relationship between ethics and

		professionalism was evaluated as two pillars of auditor. It was stated that tone at the top, training and guidance, communication, monitoring and acting are key requisites of the ethical culture. • The presentation also emphasized the meaning of ethical dilemma, reasons of acting unethicly and how auditor should proceed.
14.		**THE IMPORTANCE OF AUDITING ETHICS FOR A SAI**

		• The President of the National Audit Office of Bulgaria, Mr. Tzvetkov, made a presentation to the staff of the Turkish Court of Accounts. In the presentation, the importance of auditing ethics was emphasized by pointing out to the the following reasons;
		
		    o Ethics as a pillar of public governance.
		    o Ethics is a key factor for the achievement of the organization's objectives.
		    o Ethics can restore the trust and confidence in the public organizations;
		    o Ethics audit would promote transparency, accountability, and value for money;
		    o Ethics audit can foster integrity and ethical decision making process.
		
		• SAIs should have clear definitions of ethics and ethics related issues for auditing ethics. Examination of the internal control system of the audited organization is a helpful tool to ethics audit.

15.		**CONCLUSIONS**
		It is thought that presentations, ideas and opinions raised in the seminar would help TFA&E to carry out its goal objectives in a more meaningful way. In the future activities of TFA&E, those opinions and suggestions would be taken into account by its members.