

AUDIT AND ETHICS AN ICELANDIC EXPERIENCE

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MANDATE I

- In Iceland the Office of the Althing Ombudsman is especially in charge of dealing with ethical related issues. The Ombudsman shall e.g. ensure that public administration is conducted in conformity with codes of ethics
- The Icelandic National Audit Office (INAO) has no direct legal mandate to audit ethic-related issues. The National Audit Act (86/1997) does not mention such audit



MANDATE II

- The INAO shall however cooperate with the Ombudsman. A civil servant that witnesses corruption, illegal or improper conduct within the public sector should also inform relevant ministries, INAO or the police about it
- The National Audit Act does not prohibit auditing of ethical issues. An ethical issue can be a part of compliance auditing (conformity with laws, rules and guidelines) or performance auditing (aiming to lead to improvements in economy, efficiency and effectiveness)



PROBLEMS

- How to apply ethical principles (not to say ethical judgments) is in many ways disputable, often lacking firm basis or criteria, except those that deal with illegal conduct
- We can claim that an activity doesn't comply with laws (fraud or stealing) or regulations (amount of gifts or hospitality fee)
- But can we conclude that a civil servant has used the State resources in "improper manner" (a typical phrase from codes of conduct) if he she/has followed laws and regulations?
- Is it e.g. an "improper manner" to pay "important" state employees super salary to keep them?
- Can the INAO make a comment about it on ethical basis?



CODES OF CONDUCT IN PUBLIC ADMINISTRATION (2003)

- So far INAO's only audit with ethics as primary objective
- Carried out in 2003
- Reason: To participate in the discussion at that time of setting a code of conduct for civil servants in Iceland
 - In 2003 the Government Employees Act (No. 70/1996) was the only ethical guideline for civil servants in Iceland
 - At the same time the INAO was implementing a code of conduct for its employees, based on the INTOSAI Code of Ethics (ISSAI 30) and the Government Employees Act



MAIN GOAL

- To raise awareness of ethics and ethical issues in the public sector in Iceland in order to enhance good governance
- To evaluate and present the ethical infrastructure within the public bodies in Iceland:
 - The scope of codes of conduct in public administration
 - The views of directors of public bodies regarding a number of selected ethical criteria
 - Their views and experiences regarding codes of conduct



METHOD AND CRITERIA

- Audit method: Questionnaire survey
- Audit scope: Directors of 204 public bodies
- Response rate: 77,9%
- Audit criteria: Codes of conduct for public administration in UK and USA; OECD's survey on ethics measures in OECD countries; the results of a survey on ethics in Finland



AUDIT QUESTIONS

- **Main questions:**
- Do the bodies have their own code of conduct? If not why?
- Which ethical values and principles are considered the most important for the public sector?
- On establishing and implementing the code of conduct, who were involved?
- Who is responsible for monitoring the code of conduct?
- How do the bodies react to unethical behavior?
- Have the codes of conduct led to any changes in the bodies activities (new procedures)?



KEY FINDINGS I

- In 2003 only 15% of Icelandic public bodies had already established a code of conduct (1992-2003)
- 40% directors were planning to establish a code of conduct
- 43% were waiting for a general code of conduct for civil servants, didn't see the need for such code or didn't have time to make it
- Most important ethical values for the public sector: Legitimacy, services benefiting the public, honesty, expertise, impartiality



KEY FINDINGS II

- Persons involved in establishing and implementing the code of conduct: Directors (75%), assistant directors (54%), staff (42%), personnel managers (21%), counselors (8%)
- In most cases directors were also responsible for monitoring the code of conduct
- Most bodies reacted to unethical behavior of an employee with an informal reprimand
- 41% of those that had already established a code of conduct found that procedures had improved: Employees were more conscious of their role and obligations and of appropriate procedures



CONSEQUENCES / IMPACT

- Following the audit INAO concluded that the Icelandic parliament should initiate a discussion on the value and need for a code of conduct for public administration
- The audit and INAO's own code of conduct did have some impact on the official discussion of ethical issues in the public sector in Iceland and did help establishing codes of conduct for the public administration



CODES OF CONDUCTS FOR THE STATE SERVICES

- The situation today:
 - *Government Employees Act, No. 70/1996*
 - *Criteria for a code of conduct for civil servants (Febr. 2006)*
 - *Code of Conduct for Ministers (March 2011)*
 - *Code of Conduct for Staff in the Government Offices of Iceland (May 2012)*
 - *Code of Conduct for civil servants (April 2013)*
- Makes it easier for the INAO to monitor ethics (ethic-related behavior) within the state



THANK YOU!

