



STATE AUDIT  
OFFICE OF HUNGARY

## Why committed SAO itself to the integrity approach in the fight against corruption?

Presentation by Gyula Pulay,  
supervisory manager SAI of Hungary

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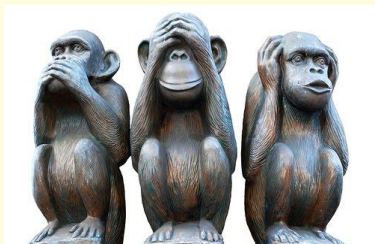
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## The symbol of corruption



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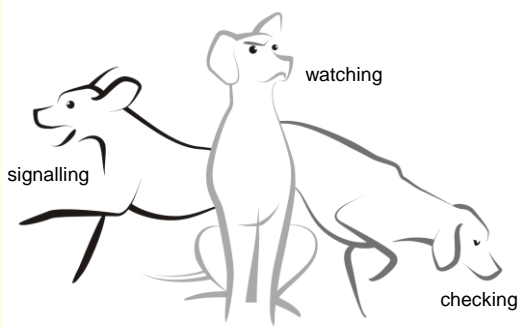
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## The symbol of integrity



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## Antecedents of the Integrity Project

- SAO tried to follow international „best practices”
- The integrity based fight against corruption in the Netherlands arose our interest
- Launching a Twinning Light Project in collaboration with the Netherlands Court of Audit
- Duration: Six months (2007 autumn - 2008 spring)
- Result: Final comprehensive study on the corruption risk assessment methodology

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## Corruption and integrity

- Integrity: agreement in action, on the basis of moral values, norms and legal regulations
  - General requirements
  - Forms: personal integrity  
organisational integrity  
integrity of the national economy
- Breach of integrity: corruption, fraud, nepotism, conflicts of private and public interests
- Strengthening integrity = prevention of corruption

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Fried eggs (sunny side up)



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Scrambled eggs



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Integrity is a new approach,  
it needs a new way of  
thinking

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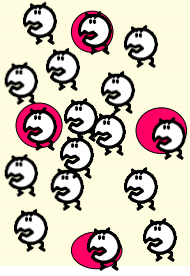
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## Traditional anti-corruption approach

Individuals

State



By communication



By legislation



By punishments  
(law enforcement)

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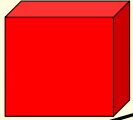
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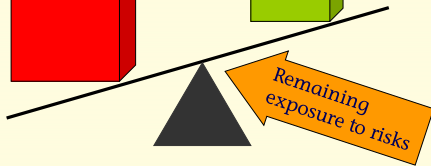
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## Modell of risk analysis

Exposure to risks



Resistance



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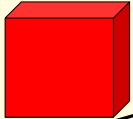
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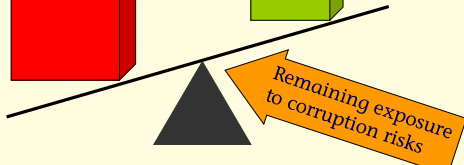
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## Integrity approach: based on the risk analysis modell

Corruption risks



Integrity controls



Organisation

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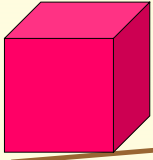
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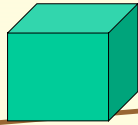
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## Integrity approach

Corruption risks



Integrity controls



Organisation

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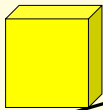
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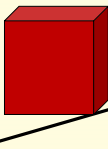
## The essence of the method

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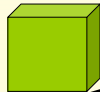
Inherent corruption risks



Corruption risks enhancing factors



Integrity control system



Remaining exposure to corruption risks

2016. febrúar 24.

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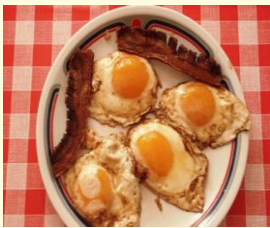
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## Fried eggs or scrambled eggs ?



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## Risk based approach

- Scrambled eggs are not worse than fried eggs
- Because of the technology there is the risk that less than four eggs would be used for a portion of scrambled eggs from four eggs. It is an inherent risk.
- Risk enhancing factors:
  - Meals are prepared in a remote kitchen
  - Drivers are in a hurry
- Possible control:
  - Meals must be prepared openly, just in front of the guests.

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## Exposure to risks

- There are processes at every budgetary institution, in which corruption risks are more likely to occur (exposure to risks).
- Some specific functions, tasks and processes pose higher risk due to their nature (e.g. tax collection, issuing permissions, providing subsidies)
- Certain circumstances may increase risks inherent in tasks/processes (e.g. time-pressure, high amount of money.)

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## Integrity controls

- They strengthen the organisation's resistance to corruption.
- Hard controls:
  - binding
  - internal regulations
- 'Soft' controls:
  - rules of conduct,
  - strategies

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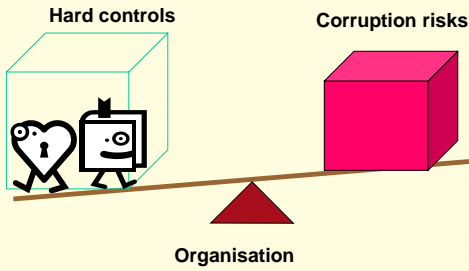
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**Integrity approach – hard controls**



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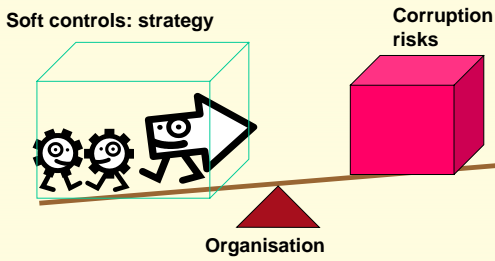
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**Integrity approach – soft controls 1.**



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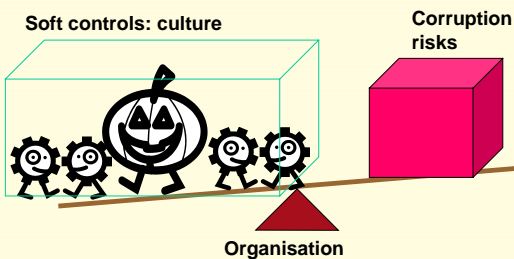
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**Integrity approach – soft controls 2.**



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## Two approaches of the fight against corruption

Characteristics	Traditional approach	Integrity approach
Object of the fight	Corruption itself	Risk of corruption
Goal of the fight	Detection of corruption	Prevention of corruption
Scene of the fight	Whole country	Organisation
Main actors	Authorities	Management of the organisation
Means of the fight	Legislation, punishment	Integrity controls
Results of the fight	Cases of corruption are detected and punished	The integrity of the organisation is strengthened

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## Possibilities of the compilation of an integrity profile (map)

- Self assessment
- Assessment carried out by an external body
- Audit carried out by independent auditors
- All three
- **Integrity Project of SAO of Hungary: questionnaire survey**

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## Integrity risk mapping project

Project owner: **State Audit Office of Hungary (SAO)**

Start of implementation: **01. 12. 2009.**

End of Project: **30. 04. 2012. (+5 years)**

Project budget: **1,05 million euro**

Ratio of EU (European Social Fund) subsidies: **100%**

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### Project goals

- To **change** administrative **culture** and officials' attitude
- To **measure** the corruption risk level of budgetary organs (bench marking)
- To **develop** audit methodologies
- To **train** the civil servants
- To **help** governmental bodies

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### Project content

Country-wide **surveys** for public organizations exploring the state's corruption protection system (integrity risk register)

Conclusions about each participant's level of risk are visualized in digital „**risk maps**“ accessible for all via Internet

Scientific research, **analysis**, publications recommendations

Create **new methodologies** for integrity risk management

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### Applied methods of the survey

- Voluntary based data collecting
- Using smart, digital form via Internet
- Automated data processing
- Summing up risk points
- Visualisation of results on digital map (search & compare)

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Whose sculpture is this?



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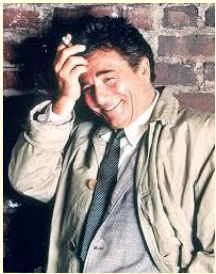
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Columbo, Peter Falk



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What is the name of this sculpture?



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## Where is Columbo's wife?



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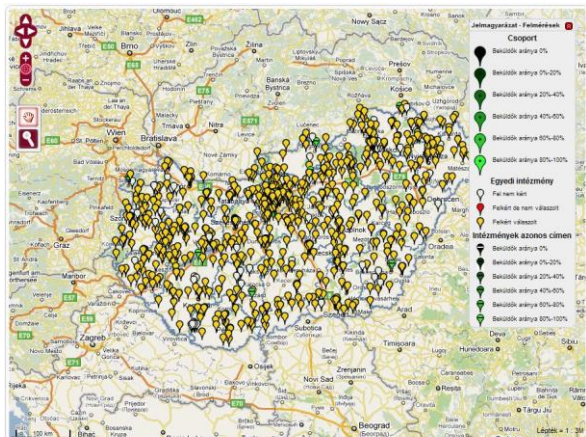
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## Sustaining project results

- Maintain Integrity Homepage: [integritas.asz.hu](http://integritas.asz.hu)
- Applying integrity approach in the training of civil servants: There are several training courses organised by the University of Public Administration.
- Launch 5 additional surveys till 2017: Five surveys have been implemented
- Analyse data, constant assessment: A comprehensive study was prepared every year.
- Turn experiences into audit practice

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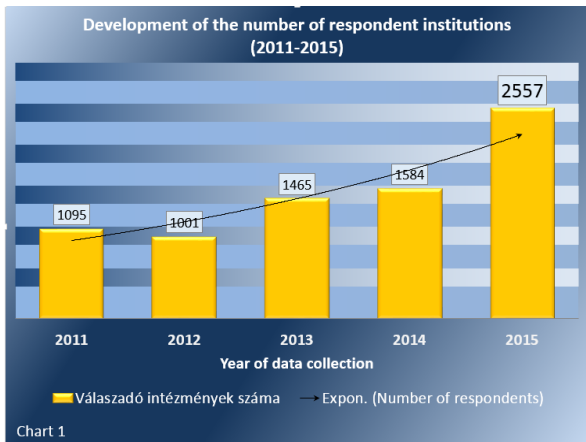
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**Additional results**

- The integrity-based approach has become one of the pillars of the anti-corruption measures of the government.
- The culture of integrity is being developed among the Hungarian public institutions

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**Thank you for your attention!**

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