



STATE AUDIT OFFICE OF HUNGARY

Methodological guide for auditing anti-corruption controls

Mrs. Irén Zoltánné Jenei
Principal Auditor of the SAO

Methodological guide

- Legislative basis of preparation
- Dual purpose:
 - methodological support to organizations
 - methodological support to the auditors

Goal of the Methodology

- Review of internal regulations in order to evaluate the completeness of managing corruption risks relevant for the organization
- Development and unification in area of methodology related to the monitoring of controls methodology aiming to prevent corruption

Methodological approach

- Identifying corruption risks
- Defining the controls that are suitable to mitigate and manage risks
- Evaluation of completeness of controls in regulations
- Identifying possible regulatory gaps

GAP-analysis, a unified framework

- Systematization
- Evaluation
- Regulation

Steps of GAP-analysis 1.

1. Mapping integrity risks and controls

Steps of GAP-analysis 1.
general matrix

Possible risk factors	Factors Enhancing Corruption Vulnerability	Inherent Vulnerability Factors																				

Steps of GAP-analysis 1.
general matrix

Possible risk factors	Factors Enhancing Corruption Vulnerability	Inherent Vulnerability Factors																					

Steps of GAP-analysis 1.
general matrix

Possible risk factors	Factors Enhancing Corruption Vulnerability	Inherent Vulnerability Factors																						

Steps of GAP-analysis 1.
general matrix

		Weighing	Applied or possible controls						
			Hard controls			Soft controls			
Possible risk factors	Inherent Vulnerability Factors								
	Factors Enhancing Corruption Vulnerability								

Steps of GAP-analysis 1.
general matrix

		Weighing	Applied or possible controls						
			Hard controls			Soft controls			
Possible risk factors	Inherent Vulnerability Factors	XXX-critical							
	Factors Enhancing Corruption Vulnerability								

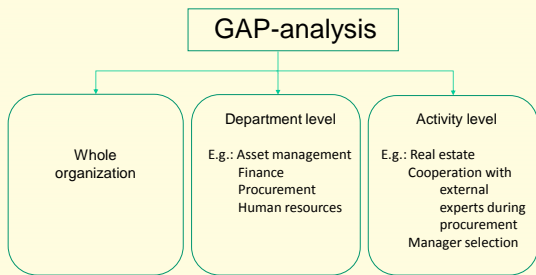
Steps of GAP-analysis 1.
general matrix

		Weighing	Applied or possible controls						
			Hard controls			Soft controls			
Possible risk factors	Inherent Vulnerability Factors	XXX-critical XX-significant							
	Factors Enhancing Corruption Vulnerability								

Steps of GAP-analysis 1. general matrix

Possible risk factors		Weighing		Applied or possible controls			
		XXX-critical XX-significant X-moderate		Hard controls		Soft controls	
Factors Enhancing Corruption Vulnerability	Inherent Vulnerability Factors						

Steps of GAP-analysis 1. modules



Steps of GAP-analysis 1. whole organization

Possible risk factors		Weighing		Applied or possible controls							
		XXX-critical XX-significant X-moderate		Hard controls			Soft controls				
				Reporting	Commitment regulations	Conflicts of completion	Regulation on evaluation of assets	Regulation on cooperation with external experts	Indicators	Training regulations	Conflict of interest regulation
Factors Enhancing Corruption Vulnerability	Inherent Vulnerability Factors	Legislative tasks									
		Public service (e.g.: education)									
		Licensing by authorities									
		Equity									
		Public procurement									
		Real estate utilisation									
		Fluctuation									
		Cooperation with external experts									

Steps of GAP-analysis 2.
organization regulatedness

Completeness of the controls in the regulations	Applied or possible controls										
	Professional report	Commitment regulations	Certificate of completion	Regulation on evaluation of assets	Regulation oncooperation with external experts	Using indicators	Training regulations	Cost-benefit analysis regulations	Procurement regulations	System of leadership selection	Regulation of internal and external communication system
Organizational and Operational Rules											
Organizational strategy, regulation for using indicators											
Accounting rules				X							
Job descriptions											
Public procurement rules		X						X			
Training rules						X					
Rules for cooperation with external experts											
Management selection and management information system											
Internal and external communication rules											
GAP - Regulatory deficiency											

Steps of GAP-analysis 2.
organization regulatedness

Completeness of the controls in the regulations	Applied or possible controls										
	Professional report	Commitment regulations	Certificate of completion	Regulation on evaluation of assets	Regulation oncooperation with external experts	Using indicators	Training regulations	Cost-benefit analysis regulations	Procurement regulations	System of leadership selection	Regulation of internal and external communication system
Organizational and Operational Rules											
Organizational strategy, regulation for using indicators											
Accounting rules				X							
Job descriptions											
Public procurement rules		X						X			
Training rules						X					
Rules for cooperation with external experts											
Management selection and management information system											
Internal and external communication rules											
GAP - Regulatory deficiency											

Steps of GAP-analysis 3.

1. Mapping integrity risks and controls
2. Completeness of the controls in the regulations
3. Regulatory gap elimination

Auditors' role with respect to the functioning of corruption controls

Obtaining certainty:

- The audited entity identified all the risks during risk assessment
- The risk management has been done with sufficient frequency
- The appropriate risk management controls have been developed
- Risk management tasks and responsible persons are clearly defined
- All necessary regulations defining the conditions of controls are available
- The entity updated the regulations and ensured their enforcement
- The entity regularly reviews the operation of controls in practice

Internal departments and external organizations performing audits

- Within the organization
 - Control activities
 - Internal control
- External organizations
 - Supervisory body
 - State Audit Office of Hungary
 - Integrity perspective
 - Dissemination of corruption risks approach

Thank you for your attention!
