



Code of Ethics

Our Code of Ethics aims at promoting conduct that maintains confidence in the Swedish National Audit Office. Maintaining the highest possible ethical standards is crucial to confidence in our operations, our organisation, our staff and the outcome of our operations. It is also necessary for our compliance with International Standards of Supreme Audit Institutions (ISSAIs) in our work.

The independence and unique powers granted to the Swedish NAO under the constitution and other legislation requires us to demonstrate our ability to live up to Riksdagen's confidence in us. The Riksdag, the Government, the organisations we audit and the public have a right to expect that we conduct ourselves and operate in way worthy of respect and trust. Our work and our behaviour must stand up to scrutiny against our Code of Ethics in the eyes of our stakeholders.

The Swedish NAO's Code of Ethics is based on the INTOSAI *Code of Ethics* (ISSAI 30), which states: Due to national differences of culture, language, and legal and social systems, it is the responsibility of each SAI to develop its own Code of Ethics which best fits its own environment. ISSAI 30 is intended to constitute a foundation for the national Codes of Ethics. A code of ethics for auditors in the public sector should consider the ethical requirements of civil servants in general and the particular requirements for auditors, including auditors' professional obligations. The Swedish NAO's Code of Ethics also follows the main principles of the Code of Ethics for Professional Accountants issued by The International Ethics Standards Board for Accountants (IESBA).

Our audit operations are also performed in accordance with ISSAI 40, *Quality Control for SAIs*, which states:

An SAI should establish policies and procedures designed to provide that the SAI, including all personnel and any parties contracted to carry out work for the SAI, comply with ethical requirements.

The Swedish NAO's Code of Ethics applies to all staff on all levels and in all parts of the organisation. The requirements are applicable to individual staff members as well as to the organisation as a whole. In some cases it is obvious that a requirement has a palpable relevance only in connection with audit operations but all requirements apply generally to all staff and for operations in all parts of the organisation. We also have a responsibility to ensure that external parties that are contracted for work on our behalf are in agreement with the requirements and uphold them. Furthermore, all of us have an individual responsibility to make ourselves acquainted with and develop our behaviour in accordance with the Code of Ethics. We are to be mindful of our understanding and conduct, following not only the letter but also the spirit of the Code of Ethics.

1. The Public Interest

In our work we keep the public interest in mind.

The public interest is a central starting point for international standards of ethics. The implication of this is that our operations are not only driven by the immediate demands of our client (the Riksdag) or the auditees. We must also be responsive to the general public's need for information and transparency.

2. Fairness and honesty

We are fair and honest in our work and in our contacts with professional colleagues and others.

Fairness and honesty entail basing our conclusions on objective facts and not concealing information of importance to how we choose and direct our audits or to the conclusions that we draw in our audit planning, performance and reporting.

3. Objectivity

Objectivity means that we act impartially, fairly and independently in our work. Our conduct should uphold confidence in the Swedish NAO and its operations. It is important not only that we are independent in fact but also independent in appearance.

Objective means that we are fair and impartial and that we are not swayed by conflicts of interest or inappropriate influence from others in a way that jeopardizes our professional judgment. .

Impartial means that we have no preconceived notions and that we judge all facts and opinions independently.

Independence means that all parts of our work are carried out in accordance with applicable legislation and internal policies and regulations, and that we are not otherwise swayed by external parties.

4. **Competent work and due care**

We work in accordance with established professional standards and other norms. We ensure that our knowledge and skills are at all times in line with current best practices within our respective disciplines.

The detailed implication of competent work and due care is that we shall continuously maintain and develop our professional knowledge and skills. This aims to help us to carry out our work in accordance with the requirements of the Swedish NAO and our stakeholders based on current statutory and regulatory practice, methods, techniques and applicable professional standards.

5. **Self-interest kept separate from work**

Our individual interests and opinions are not to have a detrimental effect on our work or on the Swedish NAO's independence and impartiality. We do not participate in Swedish NAO engagements where we have an evident private self-interest. We do not make use of our position to gain any advantage for ourselves, family or friends.

We avoid all conflicts of interest in order to protect our professional integrity:

- We do not accept gifts or benefits that can influence us or could be perceived as inappropriate influence.
- We avoid relations with management and staff of the audited organisations that could influence us, compromise us or

threaten our professional integrity or the independence of the Swedish NAO.

- We do not make use of information that we have received through our work for our own or other's personal advantage.

6. Professional life and private life

In all situations we act and behave in a way that maintains confidence in us as professionals and in the Swedish NAO. In our private lives as well we must be aware of situations and matters that can jeopardize that confidence.

The Swedish NAO's Code of Ethics provides guidance in situations in our private lives that may have an impact on confidence in the Swedish NAO.

7. Political neutrality

It is important that the Swedish NAO is seen as politically neutral. We must pay regard to that when performing our work.

As we perform our work in close proximity to political institutions, such as the Riksdag and the Government, it is especially important that we are mindful of the independence of the Swedish NAO. We must be neutral and we must also be perceived as neutral. Consequently we must protect the Swedish NAO from political (partisan) influence if we are to carry out our work impartially.

8. Cooperation and good professional relationships

We act to promote cooperation and good professional relationships within the Swedish NAO and between our different disciplines. We must also be mindful of our professional development in the audit field through continuous professional exchange with colleagues inside and outside the Swedish NAO.

9. Open communication

We report on and provide information about the outcome of our work openly in accordance with legislation and regulations. Our activities as an organisation and as employees are subject to laws and regulations concerning access to public records, secrecy and

freedom to communicate information (whistle blowing). In other respects we do not unnecessarily disclose information that is not needed for reporting our audit findings.

10. Attention, analysis, consultation and documentation

We pay close attention to circumstances that may negatively affect our ability to comply with the Code of Ethics. In some cases we may have to analyse threats to our ethical behaviour. We may have to consult colleagues, managers or the Legal Department. It is important to be able to document facts as well as our considerations.

Before every audit engagement we are to test whether there are circumstances that may undermine confidence in our impartiality or independence. If that is the case, we are to apply the independence analysis model that is common practice in all auditing. In accordance with that model risks or threats to our impartiality and independence can be divided into the following main categories¹.

1. Self-interest: Financial or other interests will inappropriately influence the auditor's judgment or behaviour.
2. Self-review: The auditor will not appropriately evaluate the results of a previous judgment made or service performed by the auditor, or by another individual within the audit organization, on which the auditor will rely when forming a judgment as part of carrying out an audit engagement.
3. Advocacy: The auditor will promote a client's or employer's position to the point that the auditor's objectivity is compromised.
4. Familiarity: Due to a long or close relationship with a client or employer, an auditor will be too sympathetic to their interest or too accepting of their work.
5. Intimidation: The auditor will be deterred from acting objectively because of actual or perceived pressures, including attempts to exercise undue influence over the auditor.

We must be alert to all types of risks and threats and take action in order to eliminate or mitigate consequences of those risks and threats. We may as individuals step down from participating in certain engagements. Risks and threats are often of a complex nature. There are often no simple or obvious actions to take in order to eliminate or mitigate their consequences. It is therefore important that we seek advice in such situations, for example from the Legal Department or the HR Department.

¹ Paraphrased the International Ethics Standards Board for Accountants.

Additional internal regulations

The Swedish NAO's internal policies and regulations often contain provisions mirror the Office's opinions on ethics. Principles on ethics are also expressed in particular in the following areas:

- Obligation to notify holdings of financial instruments
- Secondary occupations
- Victimisation
- Entertainment
- Travel
- Procurement
- Shared values
- Employee policy

Other guidance

Ethical standards for auditors and audit operations in the private sector are often more comprehensive than corresponding standards for auditors in the public sector. This has to do with the fact that private sector auditors have somewhat more complex relationships to their clients. The services are provided in a competitive environment and clients pay fees for the services rendered. Private audit firms often also carry out other services than external audit for the clients. Nevertheless, for making judgments in individual cases within the Swedish NAO, for example threats to an auditor's ethical conduct, the codes of ethics for private sector auditors may serve as guidance. The documents below in particular may be of use:

- The IESBA Code (Part A, General Application of the IESBA Code, Part B, Professional Accountants in Public Practice) issued by *The International Ethics Standards Board for Accountants (IESBA)*.
- FAR's (the professional institute for authorised public accountants, approved public accountants and other highly qualified professionals in the accountancy sector in Sweden) Code of Ethics. The code is based on the IESBA Code adapted to the Swedish legal and professional environment.