



SUPREME AUDIT OFFICE

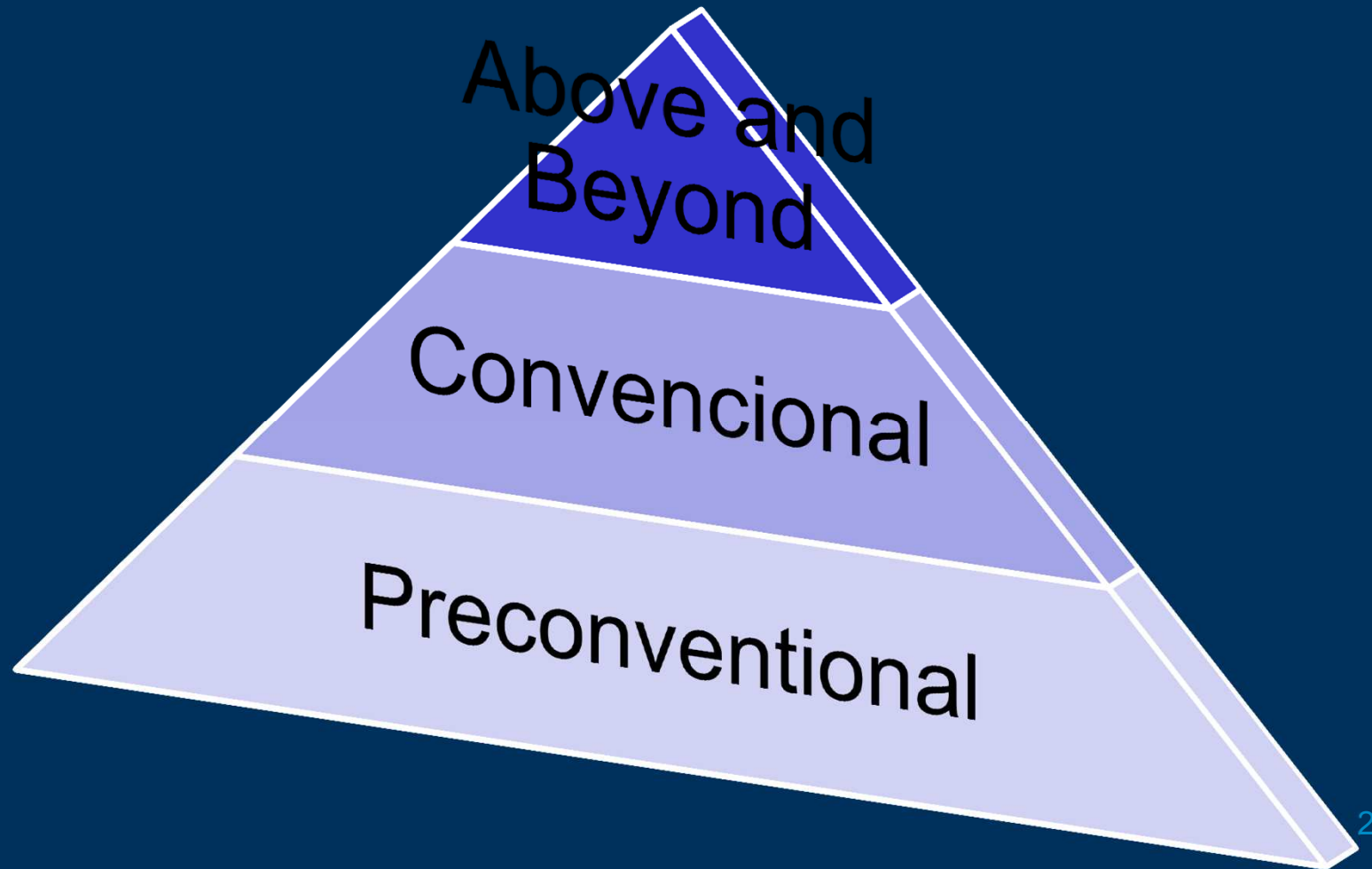
# Ethics in Supreme Audit Institutions

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# Levels of ethical behaviour



# Mechanism

Justification  
mechanism



Rationalisation  
mechanism

# Rationalisation mechanism

- There is no other way to do it!
- I'm not doing this for myself but for my family
- The case was exceptional
- I have financial problems
- Corruption is a consequence of low salaries and poor economic situation of the country

# Justification mechanism

- Everybody does it!
- Other people do it - I don't want to distinguish myself!
- My employers and politicians behave like that - I just follow them!

# SAI

- Do not turn a blind eye to misbehaviours!
- Auditors must be looked upon with sense of trust, confidence and credibility
- Auditors should act according to a clear code of values and principles

# SAI - ISSAI

ISSAI 1 (the Lima Declaration) and ISSAI 30 (INTOSAI Code of Ethics)

RELIABILITY

based on

INDEPENDENCE, IMPARIALITY, MORAL INTEGRITY

# ISSAI

The ISSAI ethical requirements are mainly described in ISSAI 30 (INTOSAI Code of Ethics)

Other ISSAIs also include ethical provisions: ISSAI 20, 40, 100 and 200 as well as ISSAI 1200, 1300, 3000, 4100 and 4200



# ISSAI 30 - Code of Ethics

core values of public auditing  
guide in the daily work of auditors  
addressed to:

1. individuals working for
2. individuals working on behalf of
3. institutions

# Code of Ethics standards



Integrity



Independence, objectivity  
and impartiality



Professional secrecy



Competence and  
professional development

# Why is Code of Ethics so important?

Specifies the general content of ethical standards, adjusting them to more concrete, specific situations

Helps solve conflicts, typical for the profession

Justifies the necessary for executing profession derogations from the general ethical standards, e.g. permits lawyers to conceal the truth

Specifies personality traits adequate for the profession e.g. patience and accuracy for an auditor

# ISSAI

According to principles of:

- Integrity
- Independence
- Objectivity
- Impartiality
- Confidentiality
- Competence

# ISSAIs 30, 20 (4), 40 (2,4)

- Develop its own Code of Ethics
- Make ethical requirements public
- Acquaint with the values and principles
- Emphasise the importance of relevant ethical requirements
- Promote ethical behaviour
- Managers act as examples
- Transparency and legality

# ISSAIs 30, 20 (4), 40 (2,4)

- Implement policies and practices in accordance with ISSAI 30
- Safeguard independence
- Reduce risks of conflict of interest
- Compliance with ethical requirements
- Prevent conflicts of interests and corruption
- Confidentiality agreements
- Notify breaches, resolve them

# ISSAI STANDARDS

- ISSAI 20 - Principles of transparency and accountability
- ISSAI 40 - Quality Control for SAs
- ISSAI 100 - Basic Principles in Government Auditing
- ISSAI 200 - General Standards in Government Auditing and Standards with Ethical Significance
- ISSAI 1200 - Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing

# ISSAI STANDARDS

- ISSAI 3000 - Standards and guidelines for performance auditing based on INTOSAI's Auditing Standards and practical experience
- ISSAI 4100 - Compliance Audit Guidelines - For Audits Performed Separately from the Audit of Financial Statements
- ISSAI 4200 - Compliance Audit Guidelines - Compliance Audit Related to the Audit of Financial Statements





*Starting from the man in  
the mirror...*



# Review of ISSAI 30 - INTOSAI Code of Ethics

# Introduction

## ISSAI 30 - Code of Ethics

- adopted in 1998 at the XVI INCOSAI
- subject to review at least every 15 years (ISSAI maintenance principles)



- decision to establish a team for ISSAI 30 Review (at the meeting of the Steering Committee of the INTOSAI Professional Standards Committee, June 2013, Stockholm)

# ISSAI 30 Review Team

- Indonesia
- Poland (project leader)
- Portugal
- UK
- USA

# Plan of the ISSAI 30 review (1)

In accordance to the ISSAI maintenance principles:

## 1. Initial assessment

A judgement on whether ISSAI 30 is fit for purpose or whether it needs an update – e. g. through a survey among the INTOSAI community (TBD)

## 2. Report to the PSC Steering Committee

Recommendation whether ISSAI 30 should or should not be carried out

Deadline: 19-21 May 2014 – next PSC SC meeting

# Plan of the ISSAI review (2)

If there is a need for the review:

## 3. Project proposal

A plan of the review, in accordance with the Due Process for INTOSAI Professional Standards

## 4. Exposure draft of an updated ISSAI 30

## 5. Endorsement version of the updated ISSAI 30

To be adopted at the next INCOSAI in 2016



# Thank you for your attention!

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