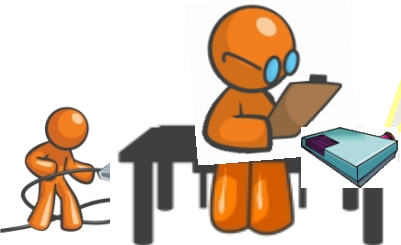




The Ethics Committee



Mrs. Ioana Boboc
Mr. Corneliu Cornea
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Agenda

- 1.Ethics framework
- 2.Code of Ethics
- 3.Ethics Committee
- 4.Independence Statement
- 5.Conclusions



Ethical Framework

The Code of Ethics and Professional Conduct of the Court of Accounts' Staff

It sets the ethical values and principles, the norms of conduct and establishes principles to be followed to increase the authority and prestige of the Court of Accounts as a supreme audit institution.



The Statute of the External Public Auditor

It regulates the career, rights, obligations and interdictions of external public auditors, as well as the labor relations between them and the Court of Accounts.



ETHICS COMMITTEE (1)

REASONS AND ADVANTAGES for setting up an EC

- the RCoA: > 950 auditors (central structure and 42 counties);
- ethics and integrity issues and dilemmas are different at central and local level;
- need of a highly specialized structure (tool) to promote actively the ethical behavior in RCoA;
- a large variety of responsibilities to be carried out (monitoring, counseling, reporting, training, evaluating, investigating, rising awareness on ethical issues etc).;
- have to deal with a lot of documents and information's on ethical issues.

EC it is an IMPORTANT TOOL for the top management:

- in controlling and monitoring the ethical conduct of the auditors;
- in preventing or identifying operatively the possible breaches of the Code provisions;
- in identifying the areas and provisions of the Code where improvements are needed;
- helps RCoA to become a model institution through leading by example (ethics, integrity and anticorruption);
- in rising awareness on ethics and integrity in the organization.



ETHICS COMMITTEE (2)

The main TASKS of the EC

- ❖ monitors the compliance with ethical standards and informs permanently the Plenum on this issues, through reports, notes, briefings etc.;
- ❖ fulfills the role of ethical counselor and offers guidance on ethics (dilemmas, ethical behavior, conflict of interest etc.);
- ❖ promotes actively the ethical behavior in RCoA;
- ❖ responsible in raising the awareness on ethics in the organization (trainings, papers, brochures, self-assessments etc.);
- ❖ reports on conflict of interest situations and breaches of the Codes provisions.

THE STRUCTURE AND FUNCTIONING:

EC was established in 2011. The Committee has 7 members, appointed by the Plenum for a three-years term:

- 5 external public auditors (of which 2 holding managerial position) from the central and territorial structures;
- 1 counselor of the President of RCoA and 1 legal counselor from the Legal Department.

The Committee meets monthly in an ordinary session and, whenever is necessary, in extraordinary sessions. The Chart of the Ethics Committee is Annex to the Code of Ethics.



ETHICS COMMITTEE (3)

Main TOOLS for controlling ethical aspects (EC)

- ✓ Independence Statement (IS) (for each audit mission);
- ✓ Reports of the directors on ethical issues (monthly basis);
- ✓ Interest and Wealth Statements (filled out annually according to Law nr.176/2010);
- ✓ Reports of the Disciplinary Commissions (set up by the President of the RCoA to investigate and sanction breaches);
- ✓ Notifications - sent by auditors or any other persons (ex. whistleblowers);
- ✓ Surveys on ethics and integrity (questionnaires) – internally or sent to the audited entities.

Main DOCUMENTS ISSUED by the EC for the Plenum

- quarterly basis reports, which highlights any ethical or integrity issue (IS and the monthly reports of the directors on ethics);
- reports, notes, briefings and evaluations, as result of analyzing different relevant documents (ex. interest statements) , notifications (internal or external on misconduct) etc.;
- an Annual Activity Report.



ETHICS COMMITTEE (4)

RESULTS

- ✓ **Revision of the Code (adopted in February 2013) - important EC contribution:**
 - **the conflict of interest** was defined according to the OECD best practice;
 - **management staff** fills out IS, when necessary;
 - a connection was made between the **IS** and the **Interest Statement** – Law 176/2010 - National Integrity Agency (to declare close relatives having contracts with audited public entities in order to avoid conflict of interests);
 - **strengthen the anticorruption provisions** (it is sanctioned the use of public office, to offer consultancy services or to recommend someone for contracting services with audited public entities in order to obtain money, goods or other benefits for the auditors);
- ✓ **More Transparency in declaring different aspects that can affect independence, objectivity and impartiality;**
- ✓ **In case of possible conflict of interests auditors are replaced from the audit missions;**
- ✓ **Good communication with EC;**
- ✓ **EC members are involved in Disciplinary Commissions investigations;**
- ✓ **Received some notifications from the auditors on possible breaches of the Codes provisions.**

PERCEPTION

- **Plenum takes very seriously the reports of the EC and the proposals made and support all its initiatives; Perception is not yet tested among the auditors.**



Independence Statement (IS)

Annex no. 1

The Romanian Court of Accounts

Department/Chamber of Accounts
 Direction
 Service/Office

Independence Statement

The undersigned in my capacity as a
 (director/deputy director/head of service/head of office/external public auditor), holder of
 pass no., I have been empowered to conduct (name of the
 action) at the entity

Considering the provisions of Law no. 94/1992 on the organization and operation of the
 Court of Accounts, re-issued, of the Audit Standards of the Court of Accounts, as well as
 those of the Code of ethics and professional conduct for the staff of the Court of
 Accounts,

being aware of the provisions of art. 292 of the Criminal Code on false statements,
 hereby declare on my own responsibility as follows:

1. I had/I did not have^{*)} financial, personal or other kind of relations with the verified
 entity or with the persons within it, a situation which could impact on my objectivity to
 find irregularities and weaknesses in the control/audit I am to conduct at the entity subject
 to verification.
() check the variant corresponding to the situation in fact and, in the affirmative, provide
 details)*

2. I had/I did not have^{*)} work relations or any other involvement in the activity of the
 entity/structure subject to verification, during the latest 36 months.
() check the variant corresponding to the situation in fact and, in the affirmative, provide
 details)*

3. I was/I was not^{*)} involved in the drafting and implementation of the management and
 control systems of the entity/structure subject to verification.
() check the variant corresponding to the situation in fact and, in the affirmative, provide
 details)*

10. I provided and not provide^{*)} support or advisory services to the entity subject to
 verification or to its employees, in view of launching legal proceedings or other actions
 against the state, public authorities or institutions or the Court of Accounts.
() check the variant corresponding to the situation in fact and, in the affirmative, provide
 details)*

Should any personal, external or organizational incompatibility emerge during the
 verification actions, or other instances provided by the Code of ethics and professional
 conduct for the staff of the Court of Accounts, political pressure or pressure from certain

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Why is important the IS ?
 Represents a necessary tool to prevent and avoid:

- conflict of interest;
- relationships with the management and staff of the audited entity and other parties which may influence, compromise or threaten the ability of auditors to act and be seen to be acting independently;
- use the official position of the auditors for private purposes;
- relationships which involve the risk of corruption or which may rise doubts about the objectivity and independence.

Who fills out an IS and when ?
 The external public auditors fills out an IS when they are designated to participate to an audit mission. They can fill an IS, in completion to the initial one, in any stage of the audit mission if a new situation comes out.

What happens if in the IS auditors declare some specific issues ?
On short term: auditor can be replaced immediately by an other auditor, before starting the mission/or, within 48 hours if the mission is already started;
On long term: The Ethics Committee makes an inventory of this situations and informs the Plenum. In relevant cases, according to best practice, can propose new provisions in the Code or reveal risk areas.



CONCLUSIONS

- So far, the Ethics Committee has proven to be an efficient and valuable instrument for the Plenum and the top management;
- Based on its 3 years experience, the Ethics Committee found necessary arguments to become more effective;
- We are confident the Ethics Committee work and results will be improved in the future, based on the experience and good practice of our colleagues, members of the EUROSAI Task Force on Audit & Ethics, and of all of the participants of this Seminar.



Thank you
for your attention!