

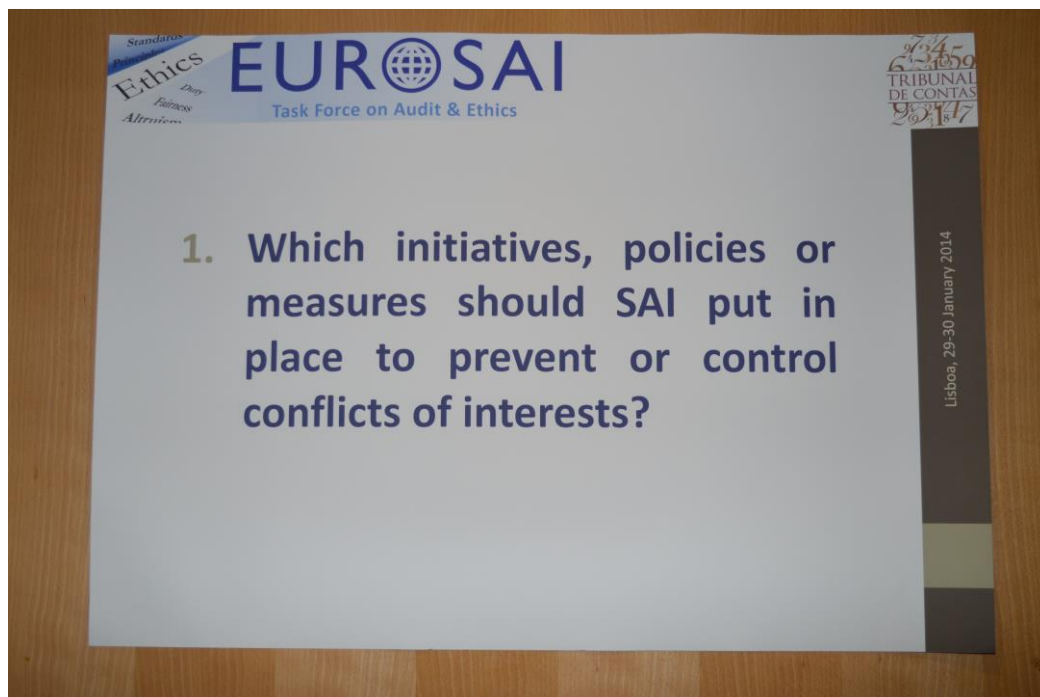
## SEMINAR

### *Enhancing Ethics within Supreme Audit Institutions*

Lisboa, 29-30 January 2014

#### SESSION V: MANAGING CONFLICTS OF INTERESTS IN SAI RESULTS OF DISCUSSIONS

#### QUESTION 1



According to participants' replies to this question, situations of conflicts of interests in SAI could be prevented or controlled by:

- i. **Setting up a legal and infra-legal framework for conflicts of interests**

ii. **Raising awareness, training and discussing:**

- a. Setting clear definitions on what should be considered a conflict of interest
- b. Creating an atmosphere that encourages talking about ethical issues
- c. Raising and increasing awareness on ethical issues through training
- d. Organising seminars and workshops
- e. Disclosing information on good practices
- f. Setting up regular reminders of dangers brought about by situations of conflicts of interests
- g. Disclosing positive illustrations of acceptable behaviour
- h. Defining checklists for auditors regarding ethical issues
- i. Detailing solutions to solve situations of conflicts of interests
- j. Considering potential conflicts of interests before starting an audit/piece of work
- k. Listening to the opinions of stakeholders and auditees

iii. **Asking written commitments /oral declarations from the auditors/staff:**

- a. Written declaration, after recruitment or promotion, committing to comply with the statutes of the SAI , code of ethics or other ruling about ethical issues in the SAI
- b. Written declaration of absence or existence of conflicts of interests:
  - i. On a regular basis
  - ii. Before initiating an audit or other piece of work
  - iii. During an audit or other piece of work
- c. Oral declarations by the auditor in the beginning of an audit regarding the absence of relatives working for the auditee, ownership relations towards the auditee and of participation in its managing and supervising bodies
- d. Regular declarations of public and private interests / property by auditors/staff.

iv. **Other policies / measures**

- a. Implementing job rotation

- b. Preventing auditors from auditing the same theme/object for more than 3 years
- c. Defining a general policy for secondary employment, either:
  - i. Prohibiting all external work or
  - ii. Requiring a special authorisation from the SAI to allow accumulation of functions by the auditor
- d. Refusing auditors the capacity of being members of political parties
- e. Monitoring the ethical behaviour of auditors/staff
- f. Keeping record of infringements to the Code of Ethics

## QUESTION 2

Standards  
Principles  
Ethics  
Duty  
Fairness  
Altruism

# EUROSAI

Task Force on Audit & Ethics

7<sup>3</sup>  
6<sup>4</sup> 3<sup>4</sup> 5<sup>9</sup>  
TRIBUNAL  
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9<sup>6</sup> 2<sup>1</sup> 4<sup>7</sup>

2. Does ISSAI 30 provide enough guidance to SAIs and auditors to prevent or solve conflicts of interests? How can it be improved?

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**Concerning this question, participants provided the following opinions/suggestions:**

- a. ISSAI 30 is not enough

b. ISSAI 30 should contain more details, either in its text, or in notes or appendixes:

- ✓ Needs to be more detailed but not too much
- ✓ More detailed rules
- ✓ Specific analysis should be included for every single case
- ✓ Clear examples of specific cases
- ✓ Examples need to be added
- ✓ Needs to be complemented with additional/more detailed information (in appendix)
- ✓ Best practices should be mentioned in notes
- ✓ Requires reference and implementing materials
- ✓ It can be improved through supporting material and examples of best practice
- ✓ ISSAI 30 could explain the general approaches to dealing with potential ethical threats, either remove the threat entirely or apply appropriate safeguards

c. As it is addressed to all SAIs, ISSAI 30 must be general and acceptable to all; it would be up to INTOSAI Regional Groups or to each SAI to detail or issue guidance

c. ISSAI 30 could link to the IESBA Code of Ethics where specific threats are set out and appropriate actions are detailed