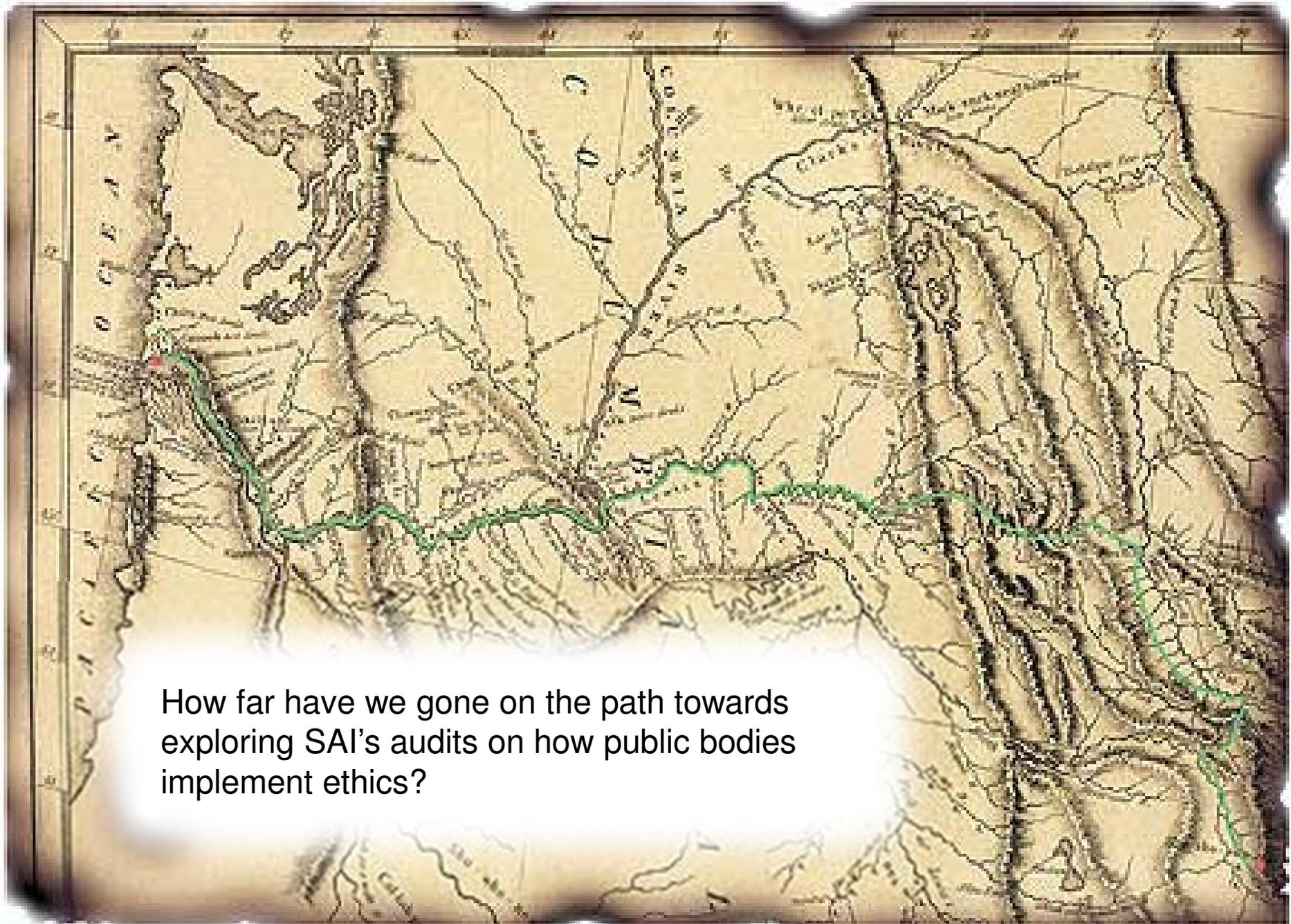


EUROSAI Seminar on Auditing Ethics
Luxemburg, 17-18 September 2013

Results of the participatory sessions (Block III)

Paolo Giusta
paolo.giusta@eca.europa.eu



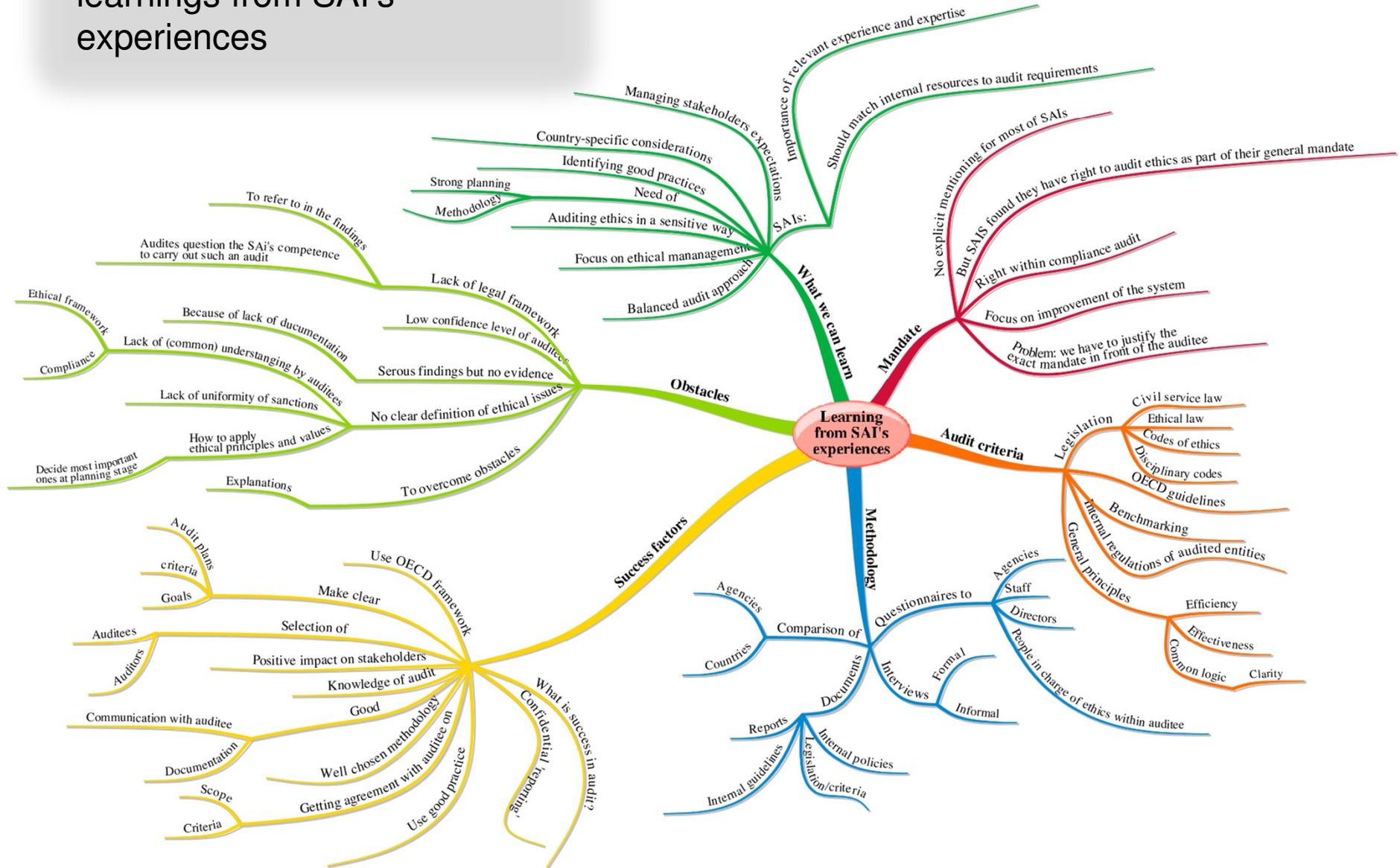
How far have we gone on the path towards exploring SAI's audits on how public bodies implement ethics?

WHAT PRACTICAL ISSUES DO WE NEED TO CONSIDER AND SOLVE TO ADDRESS THE CHALLENGES OF AUDITING ETHICS?

We started by collecting the questions and issues to be addressed ...



... then we gathered the learnings from SAI's experiences



What are the most important topics that we need to explore?



... and presented the results
in plenary



Results from the in-depth conversations

The following slides present, for each topic:

- The questions and issues identified in the morning
- The proposals from the groups' discussion in the afternoon

A trend (surrounded in green) emerges from the groups' proposals :

- The need to further work together to:
 - Share existing and future experience / good practices
 - Get common guidance at EUROSAT's level

What is ethics?

The issues at stake

- Definitions
 - Clear and comprehensive definition of the term ethics
 - Ethics' scope and subject matter
 - Of unethical behaviour
 - Is unethical conduct illegal?
- Reference framework
 - The existence of a legal framework on ethics
 - Existence of ethical management infrastructure (benchmark/framework)

What is ethics?

1 – Practical solutions

- Define and identify ethical infrastructure
 - hard law
 - soft law
 - Values and principles
- Recognise international standards (ISSAI 30/40, OECD)

2 – What we need to know

- Set audit objectives
 - Focus the audit
- Criteria
- Benchmarks
- Best practices

3 – Next steps

- Explore ISSAIs on ethical issues
- Training
- Standard ethical infrastructure?
- Exchange of experiences

How to measure ethics' effectiveness, what to audit?

The issues at stake

- Measuring the ethical framework
 - What is auditable and how to audit it?
 - How to measure (which criteria?) implementation of
 - Ethical leadership?
 - Ethical culture?
 - Principles and values?
 - Unethical behaviour is difficult to prove/measure
 - If a regulation exists
 - How to decide whether it is effective or not?
 - How to measure/assess (which criteria) the effectiveness of its implementation?
- Selecting the scope for the audit
 - What is possible to audit
 - List of subjects
 - Type of report
 - Target group
- ... and the audit type

How to measure ethics' effectiveness, what to audit?

1 – Practical solutions

- A. How to choose topics to audit
 - It should depend on public interest, based on
 - Scientific research on public perception
 - Surveys or other judgemental methods
 - Choice of topics is key
 - Relevance: need to focus on what makes a difference
 - Look at control systems and management procedures (e.g. on fighting corruption)
 - Their architecture
 - How they function
- B. To measure
 - Use compliance rate (to what extent rules are complied with)
 - Measure situations before and after audit (and if there is no change we need to know why)

2 – What we need to know

- D. W. Hubbard, How to Measure Anything

3 – Next steps

- Future workshop with experts in measurement (to share knowledge and practices)
- Draft common guidelines (should be on top of EUROSAl's agenda)
- Questionnaire on auditing areas such as conflict of interest

Methodology, tools and criteria

The issues at stake

- Methodologies
 - Standards to benchmark with
 - Measurement tools
 - Audit programmes
 - Steps and procedures
 - Methodology/tools/manuals
 - Specific ethics-related procedures (EU wide / Member State perspectives)
 - Identify and/or define (an) accepted audit standard(s)
- Examples
 - To select topics: Websites
 - To carry out audit:
 - Survey of ethical behaviours
 - Identification of the regulations, rules, laws in the entity/auditees
 - Preparation of questionnaires on ethics-related issues

Methodology, tools, and criteria

1 – Practical solutions

- Assessing internal control / control environment
 - Risk-based analysis to determine audit focus
- Collection of guidelines -> audit criteria
- Identification of risk at process level

2 – What we need to know

- Establish the specific ethical components (e.g. risk areas, international benchmarks)
- What is different when auditing ethics?
- Identifying the right tool for the job

3 – Next steps

- Widen TFAE mandate?
- To prepare manual of auditing ethics

SAI's skills and competences

The issues at stake

- Competence/ expertise / capacities
 - Resources
 - Priority - Limited resources
 - Number of auditors devoted to auditing ethics
 - More eyes
 - Skills and expertise:
 - Understanding of ethics
 - How to build them?
 - Auditors' training on audit of ethics to develop expertise
 - Tools

SAI's skills and competences

1 – Practical solutions

- Training for newcomers
- Training for those who are already engaged
- Commitment of SAI management

2 – What we need to know

- Benchmarking on good practices of other SAIs
- Creation of an office within the SAI to take charge of auditing ethics

3 – Next steps

- Match internal resources to audit requirements
- Feedback mechanism
- Balance between negative and positive findings/cases/situations