

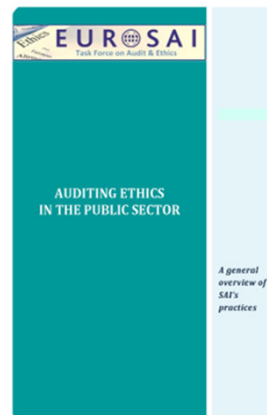
## *Auditing Ethics*

Promote the relevance of ethical  
conduct in:

- Supreme Audit Institutions
- Public Organisations

## Activities 2012-2018

- Surveys
- Meetings, seminars & workshops
- Papers and articles
- Review of ISSAI 30
- Guidance
- Assistance
- Cooperation
- [www.eurosai-tfae.tcontas.pt](http://www.eurosai-tfae.tcontas.pt)



- SAIs are not completely aware of the possibilities they can explore in auditing ethics related issues
- **Initiatives and practices to audit ethics in SAIs are very asymmetric**
- SAIs expressed interest that the TFA&E develops common methods and tools to audit integrity

## Working Plan 2014-2017

Goal	Objectives	Activities/ Projects
<b>2. Promote ethical conduct in public organisations through the SAI's audit activities</b>	<b>2.1. Issue common guidelines to audit ethics/integrity</b>	Map and study existing instruments
		Organise seminar about methodologies to audit ethics
		Draft common guidance
		Disseminate and test guidance
		Liaise with other working groups to include an ethical approach in the audit of public procurement

## Guideline “*Audit of ethics in public sector organisations*”

May 2017



- **Why** to audit ethics: mandate of SAIs
- **What** to audit: concepts, several possible approaches
- **How** to audit: objectives, audit questions, criteria, methods, measurement, reporting, dos and don'ts
- Links and examples

# Auditing Ethics

## WHY

- **SAIs are now guardians of good governance and not only guardians of correct accounts**
  - UN World Public Sector Report/UN Committee of Experts on Public Administration/ OECD Public Governance Committee
  - ISSAIs



# Auditing Ethics

# WHAT

## **SAls:**

- **Assess internal controls and whether management created an environment where fraud can be prevented and detected**
- **Audit compliance with laws, regulations or other authorities (great degree of international diversity in organising and reporting on compliance audit)**
- **Audit how interventions, programmes and/or institutions are performing and if is there room for improvement**
- **May conduct combined audits incorporating financial, compliance and/or performance aspects**

## **Different and possible several approaches:**

- **Raising awareness activities**
- **Audit ethics as part of the internal control system**
- **Encourage and promote audits of ethics to be conducted by the organisations themselves or by internal audit**
- **Audits targeted at the assessment of the ethics control system/ethics infrastructure of public administration or of a certain sector or public body**
- **Integrity modules in compliance audits**
- **Audits over specific ethics related subjects (conflicts of interests, revolving doors, whistleblowing, etc)**
- **Audits to prevent fraud and corruption**
- **Forensic audits**

# Auditing Ethics

# HOW

- **Designing an audit of ethics**
  - holistic approach
  - selection of topics
  - audit objectives
  - audit scope
  - audit questions
  - audit framework
  - audit criteria
  - methods to collect data
  - methods to analyse and evaluate data
- **Reporting and communication**



## Auditing Ethics

# DO'S AND DON'T'S

## Do's and don'ts in the audit of ethics

- Understand and define very well the scope, goal and objectives of the audit of ethics
  - Design the audit to go beyond rules, compliance and processes
  - Go beneath the surface
  - Put the focus on achieving improvement: avoid worrying about identifying cases
  - Mind the neutrality of the SAI
  - Understand specificities
  - Look for additional controls

## Do's and don'ts in the audit of ethics

- Be attentive to adequate and effective communication with the auditee
  - Explain and explain
  - No surprise approach
  - Keep communication lines open during the audit
  - Share findings and recommendations beforehand



## Do's and don'ts in the audit of ethics

- Use the adequate methods and tools to reach the audit objectives
  - Do not use unclear or unrecognised criteria
  - Ensure consistency
  - Use subjective data to focus the audit but take care of validation
  - Never violate a promise of confidentiality
  - Use benchmarking and maturity models

## Do's and don'ts in the audit of ethics

- Facilitate positive impacts
  - Identify and enhance good practice
  - Keep a constructive language
  - Avoid unnecessary damage to reputation of institutions
  - Prefer transversal audit approaches
  - Use several communication tools to maximize impact
  - Follow the outcomes

## Holistic approach

### The audit of ethics:

- Should go beyond compliance
- Needs to measure cultural dimensions and impacts
- Benefits from participatory evaluation approaches, involving stakeholders
- The SAI as a model

*Thank you for your attention*

*Your questions are welcome*