

MANAGING THE SYSTEM OF ETHICS AND INTEGRITY IN THE ALBANIAN SUPREME AUDIT INSTITUTION.

AN OVERVIEW

The institutional management activities of ALSAI, over the past six years, have continuously been focused on ensuring the development of a sustainable and effective system of ethics and institutional integrity through the implementation of the regulatory framework of ALSAI based on the best practices of INTOSAI community, specifically INTOSAIN (integrity instrument of self-assessment).

The ALSAI policy for setting up and implementing an effective system of ethics and integrity is focused on three main pillars:

- ✓ Develop and consolidate the regulatory framework on ethics and integrity.
- ✓ Management of ethics and integrity followed by obligatory implementation of rules, procedures and instructions. In this regard, we have conducted intensive trainings aiming to educate the employees with the spirit of integrity standards and moral values.
- ✓ Supervision and monitoring each individual case of breach of integrity, behaviors and violations of ethics and integrity through investigations and take measures for punitive actions.

INSTITUTIONAL INTEGRITY POLICIES

The focus of policies pursued is given to measures taken for the installation of an effective integrity continuous system, part of the daily management of the SAI institution and not a temporary policy, in view of preventing an environment of corruption and implementing an ethical culture and integrity. Integrity issues in SAI, are considered a daily standard component to all auditors.

Supervision and monitoring investigation for the prevention of incidents of violations against corruption or integrity have been and are the main focus of the daily activity of the SAI. Promoting integrity has been the focus of management activity. The practical aspect of the management philosophy "Ton at the top" is conducted under the principle of "leading by example".

THE ETHICS INFRASTRUCTURE AND INTEGRITY IN THE SAI

Code of Ethics of the SAI. Based on the requirements of ISSAI 30 "Code of Ethics INTOSAI", the ALSAI has developed a Professional Code of Ethics. The new Code of Ethics for ALSAI (approved on April 30th 2015), is an integral document, where principles and rules set up in ISSAI 30, INTOSAI's Code of Ethics and Code of Conduct of the European Court of Audit are adopted under the Albanian environment.

APPLICATION OF THE SELF-ASSESSMENT INSTRUMENT OF INTEGRITY INTOSAINT

In view of the installing an effective ethics and integrity system, ALSAI is listed among the first Supreme Audit Institutions that voluntarily since 2014, has adopted the self-assessment of integrity methodology (INTOSAINT), considered one of the innovative and effective methods, with impact on growth expectations in the development of integrity policies.

INTOSAINT Methodology (Integrity Self-Assessment INTOSAI) is designed as a self-assessment instrument and diagnostics specifically for Supreme Audit Institutions. The main principle of application of this methodology is "self-esteem" and the key to the success of the application of this instrument is an active and contributing role of each individual of the institution's staff. Through this instrument, as a result of the efforts of each individual, in order to develop a structured approach to integrity policy and implementation SAI has continued to apply the self-assessment instrument in the coming periods reflecting the performance of institutional activity in terms of both performance and identifying vulnerable areas, assessing the controls focusing on the future.

As result of the application of this instrument, the ALSAI has taken action against employees who have resulted in violation of the rules of ethics and integrity. During the period 2012-2017 some disciplinary measures were taken toward auditors and other ALSAI staff in order to impose obligatory action to protecting ethics and integrity in the institution.

VERIFICATION OF PRIVATE INTERESTS DECLARATIONS OF ALL SAI EMPLOYEES / DIRECTORS.

The High State Control under the institutional integrity policy management, and to fulfill the objectives of being a model institution in integrity who leads by example, was among the first institutions to voluntarily "initiate a vetting process " and letter No. 1182 dated 11.18.2016 of the SAI Chairman, asked the General High Inspectorate for the Declaration and Audit of Assets and Conflict of Interest (HIDAACI). We are conducting thorough verification of the declarations of all SAI employees / directors, who are legally obliged to disclose their private interests.

Referring to this request, the SAI expressed the institutional will to strictly apply the decisions will be addressed by HIDAACI at the end of this process or even the different findings that may result for leaders / SAI auditors, in view of the completion of the evaluation framework of the declaration forms.

From HIDAACI checks were carried out based on requirements of the Law no. 9049, dated 10.4.2003 "On the declaration and audit of assets, financial obligations of elected officials and public servants" as amended, and the completion of this process did not result in a violation of the regulatory framework.

ALSAI member of the Task Force and groups of INTOSAI and EUROSAI.

In 2013, ALSAI applied and was accepted as a member of the Task Force of the European Organization of Supreme Audit Institutions (EUROSAI) "On the audit of ethics". ALSAI, through the membership and active participation in this organization, aimed on the one hand, the installation and operation of an effective ethics infrastructure and on the other hand, intends to conduct compliance and performance audit missions with the subject of Ethics and Integrity in public institutions, considering the fight against corruption and policies for the installation of an effective system of integrity to be part of the management of public institutions.

ALSAI at the end of 2013 applied and was accepted as a member of the ISSAI 30 Review Group, Code of Ethics INTOSAI, led by the Polish SAI, an initiative undertaken by the Supervisory Board of the Professional Standards Committee (PCS) of INTOSAI. ALSAI was a contributor of drafting ISSAI 30, which was adopted at the XXII Congress of INTOSAI, December 2016.

In July 2017, ALSAI became a member of the Project Group of EUROSAI "On the role of Supreme Audit Institutions in the dissemination of ethical culture in the public sector" which is led by the Hungarian SAI. ALSAI through participation and membership in the Working Group intends to exercise ethics and integrity audit in the public sector entities.

ORGANIZATIVE STRUCTURES RELATED TO ETHICS, INTEGRITY AND WHISTLEBLOWING POLICY

In November 2014, based on the best practices in the field, ALSAI established a special unit as Sector Ethics and Integrity, responsible for investigating violations against the integrity. Such, activities are considered as part of preventive measures- in terms of strengthening the system integrity control in the SAI. Through the creation of this sector, the SAI appointed as part of the organizational the "Structure of ethics and integrity" which, inter alia, has strategic and managerial responsibilities in terms of integrity. The activity of this structure is focused on:

- ✓ monitoring the implementation of the requirements of the Code of Conduct
- ✓ communicating about issues of ethics, training and resolution of ethical dilemmas and integrity
- ✓ Investigating and periodic checks for violations of ethics and integrity rules etc.

In December 2014 the Ethics Commission was created which functions as an ad-hoc organization of professional judgment and covers issues relating to ethics and integrity. The Commission is composed of three members, the Head of the Ethics Department and integrity, an auditor who has worked 25 years in the SAI, who is retired but his professional curriculum has demonstrated the high profile of ethics and integrity in the office conduct, as well as a SAI auditor who is nominated by the direct vote of the staff of the institution. In order to fulfill the objective that the ethical behavior of ALSAI's staff to be an integral part of any auditor activity, the activity of the committee and sector of ethics is focused on addressing cases of non-compliance with basic standards and requirements of the Code of Ethics.

In January 2017 was set up the responsible structure "for signaling and protection of whistleblowers" which consists of three members conform to the definition of Law No. 60/2016 "For signaling and protection of whistleblowers". In November 2017 the responsible entity has conducted the presentation of the activity "for signaling and whistleblowers in Albania" with the SAI staff.

Order no. 219, dated 31.12.2017 of the Chairman of ALSAI has adopted special internal regulation on the procedure of the administrative investigation of signaling, mechanisms for protecting confidentiality and protection from retaliation at the Supreme State Audit. In fulfillment of the obligations of law no. 60/2016, dated 02.06.2016 "On signaling and protection of whistleblowers" the responsible unit in HIDAACI reports periodically on its activity.

PROTOCOL OF INVESTIGATION OF BREACHES OF ETHICS AND INTEGRITY AND INTERNAL GUIDELINES.

In the internal regulations of the organization and functioning of the institution, there are procedures which tend to consolidate and strengthen the control system of employee integrity during the audit activity. We can mention here the right of conducting investigations during the audit process depending on different signals for breach of integrity from auditors, thus there is a protocol for investigating violations of integrity.

With a view to installing and further development of a new organizational culture in an annual basis, we have issued guidelines for "direct communication to improve the audit work and increase the implementation of INTOSAI standards in ALSAI", creating in this way concrete spaces for expressing "positive criticism" from the bottom-to the-top or giving opinions, suggestions for improving the work of the institution. The issuance of these guidelines is a "tool" for effective promotion of integrity to encourage employees to discuss problems, management evaluation or even the suggestion of different opinions.

COMMUNICATION : PUBLICATIONS AND TRAINING FOR ETHICS AND INTEGRITY

Integrity policies are implemented spending a considerable part of budget funds in this direction as conducting training both inside and outside the country, or various publications such as:

1. INTOSAI Auditing Standards ISSAI 30 "Code of Ethics", 2012.
2. INTOSAINT Methodology, 2014.
3. Ethics in Supreme Audit Institutions and other public institutions, 2014.
4. Code of Ethics ALSAI, Year 2015
4. ISSAI 30 - Code of Ethics adopted at the INTOSAI Congress in December 2016, 2017.
5. Guide "Audit of ethics in public sector organizations", 2017.
6. The guide "How to implement ISSAI 30", 2017.

PERFORMANCE MEASUREMENT FRAMEWORK (PMF) – DOMAIN B: INTERNAL GOVERNANCE AND ETHICS

The ALSAI has already approached the objectives of ISSAI leading by example and be model organisations. ALSAI has adopted the proper structures and procedures ensuring promoting the transparency and accountability through good governance of the ALSAI and ethical conduct, in order to fulfil its mandates.

In compliance with ISSAI 20, Principle 4 ALSAI is doing all efforts to apply high standards of integrity and ethics for staff of all levels. The ALSAI's system for achieving this is measured in SAI-4. The SAI-4 measures the elements that are fundamental to a system of internal control are adopted and applied in ALSAI. ALSAI has taken actions and implemented rules and procedures ensuring a practice of high integrity the organisation, clearly communicating what is expected from staff and facilitating an environment characterized by functioning internal control systems and ethical behaviour among staff. Top management are required to promote these standards by demonstrating an appropriate tone-at-the top, and take initiatives to encourage high-quality work and a strong culture of internal control. These aspects are covered both in SAI-4 Organizational Control Environment and SAI-6 Leadership and Internal Communication.

The results of the self assessment as regard to the dimension Internal control _ Ethics, Integrity and Organizational Structures are included and published as part of the ALSAI Performance Report for the year 2017.

ROAD FORWARD

Maintaining a strong integrity environment and a sustainable system with high moral and ethical values is now one of the objectives that ALSAI has already put in place for several years and it will continue to be under the focus of the future development.

The new ALSAI Development Strategy for 2018- 2022 integrates under the Goal 2 the Strategic Objective 2.6: Integrity as a fundamental value in ALSAI

The focus of policies pursued by the ALSAI leadership has been the establishment of an effective integrity system and its effective and continuous operation, considering it as an integral part of the institution's daily management and not a temporary policy. The objective of this approach is to establish a non-corruptive systems and environment and implementation of a culture of ethics and integrity. In the context of the objective for the modernization of the institution, ALSAI has taken concrete steps and a series of initiatives in recent years for the installation of an effective infrastructure of ethics and integrity in ALSAI.

Application of INTOSAI since 2013 as a tool for integrity self-assessment is the basis on which ALSAI has established an effective integrity control system and an effective ethics infrastructure.

Leading by example, it contributes to promoting integrity in the public sector and, consequently, to good governance.

ALSAI through the Sector for Ethics and Integrity seeks to implement and strengthen the policies for the preservation of the values of the Code of Ethics for Auditors and cultivate integrity in the institution; for each individual, ALSAI will keep on its full and uncompromised commitment to enable an environment where values and integrity are the core features in the overall qualification of the public auditor. This will be achieved through the following steps:

Implement the Code of Ethics as a complete statement of values and principles that guide the daily work of auditors, in order to ensure that their behavior is irreproachable at all time and in all circumstances and fully in line with ISSAI 30 requirements.

Apply the INTOSAINTE methodology as a self-assessment instrument that fosters and promotes integrity and ethical behavior as an important part of individual and institutional accountability.

Strengthen the structure responsible for control, oversight and monitoring of the implementation of the Code of Ethics and for assessment of the ALSAI staff integrity.

The integrity self-assessment tool at ALSAI is developed and will continue to be consolidated as a methodology in line with INTOSAINTE instructions and principles, and will meet the requirements of ISSAI 41 standard – Gap analysis tool.

The development prospects: the contribution of SAI's audit of integrity and good governance in the public sector.

Referring to the best practices of the field and definitions of the strategic plan 2018-2022, ALSAI aims to contribute to the installation of an effective ethics infrastructure in public sector institutions.

- ✓ Institutional Contribution: ALSAI has established an effective system for integrity control and an effective ethics infrastructure and contributes through leading by example in promoting integrity in the public sector and consequently good governance.
- ✓ Strategic Contribution: ALSAI seeks to include audit programs, conducting audit of integrity and ethics.

SAI intends to carry out monitoring of the functioning of the integrity control systems as well as conducting training and increasing knowledge on INTOSAINTE methodology, for institutions and public sector entities and internal audit bodies. From the operational standpoint ALSAI will conduct audits of ethics during compliance and performance audits, by focusing on assessing the maturity of the operation of the control system of ethics and integrity, as well as identifying strengths and weaknesses in order to address the recommendations for designing effective and efficient systems in the public sector institutions.

