



SUPPORTING SAIs TO ENHANCE THEIR ETHICAL INFRASTRUCTURE

Part II
Managing
Ethics in
Practice-
analysis



Foreword

“Sharing experiences”, basis of INTOSAI motto, is one of the objectives stated in EUROSAI Statutes and in the EUROSAI Strategic Plan and was also set as part of the Task Force on Audit & Ethics (TFA&E) mandate.

Following the TFA&E survey and the subsequent seminar held in *Lisboa*, on January 2014, multiple examples of SAIs’ different good practices in managing ethics were identified. Many of our fellow SAIs agreed to describe those experiences to serve as examples that can be inspiring to others.

The Task Force also identified some interesting practices in SAIs from other INTOSAI Regions that kindly accepted to share their experiences with the SAIs’ community.

Part II of the TFA&E paper on “*Supporting SAIs to Enhance their Ethical Infrastructure*”, that we called “*Managing ethics in practice*”, is, therefore, based on the described experiences of SAIs.

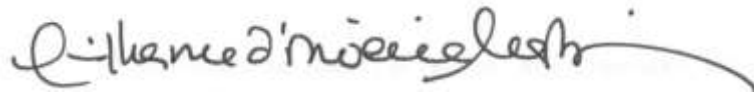
Those experiences were clustered and analysed around the key elements of an ethical infrastructure/integrity framework, as described in Part I, and also around the hard and soft controls that influence ethical behaviour: clear and coherent policies, commitment from leadership, statements of values, such as codes of ethics/conduct, raising awareness activities, including education and training, assignment of ethics’ responsibilities, mechanisms to prevent conflicts of interests and other breaches of ethical behaviour and internal and external assessment tools are essential elements of an ethical framework and environment that favour ethical conduct in SAIs. Several measures related to each element were described.

Concerning the several elements, SAIs are using different approaches and practices. These differences are exposed as an expression of the rich cultural and SAIs’ diversity. But a lot of consensual policies are also identified, building a common platform among SAIs in implementing ethical standards and strong integrity management practices.

The paper gathers, lists and compares those experiences according to the mentioned elements. In several steps, context information, results of the TFA&E survey and inputs from the TFA&E seminar discussions and conclusions are also mentioned. The Annex to this Part II includes the important full texts prepared by the several SAIs participating in this paper. Some other complementary documents are available through the TFA&E website: <http://www.eurosai-tfae.tcontas.pt>

Deep gratitude is given to those who accepted to contribute to this rich collection of experiences. We do believe that this repository will be of great use for all of us in Supreme Audit Institutions.

Finally, allow me to thank and congratulate all members of the Task Force and their representatives for the excellent work done and to express to my colleague, Helena Abreu Lopes, my special recognition for her successful leadership into these results.

A handwritten signature in black ink, reading "Guilherme d'Oliveira Martins". The signature is written in a cursive style with a long horizontal flourish at the end.

Guilherme d'Oliveira Martins

Chair of the EUROSAI Task Force on Audit & Ethics

President of *Tribunal de Contas* (Portugal)

List of abbreviations

- BFK:** Audit Board of the Republic of Indonesia
- CBE:** Centre for Business Ethics (Croatia)
- CoE:** Code of Ethics
- ECA:** European Court of Auditors
- EU:** European Union
- EUROSAI:** European Organisation of Supreme Audit Institutions
- GAO:** Government Accountability Office
- HR:** Human Resources
- iCATs:** ISSAI Compliance Assessment Tools
- INTOSAI:** International Organisation of Supreme Audit Institutions
- IntoSAINT:** Integrity Self Assessment for SAI
- ISSAI:** International Standards for Supreme Audit Institutions
- IDI:** INTOSAI Development Initiative
- NAO:** National Audit Office
- NAOL:** National Audit Office of Lithuania
- NCA:** Netherlands Court of Audit
- NIK:** SAI of Poland
- OECD:** Organisation for Economic Co-operation and Development
- PMF:** Performance Measurement Framework
- SAI:** Supreme Audit Institution
- SAO:** State Audit Office or Supreme Audit Office
- SNAO:** Swedish National Audit Office
- TCA:** Turkish Court of Accounts
- TFA&E:** Task Force on Audit & Ethics
- UK:** United Kingdom
- US:** United States of America

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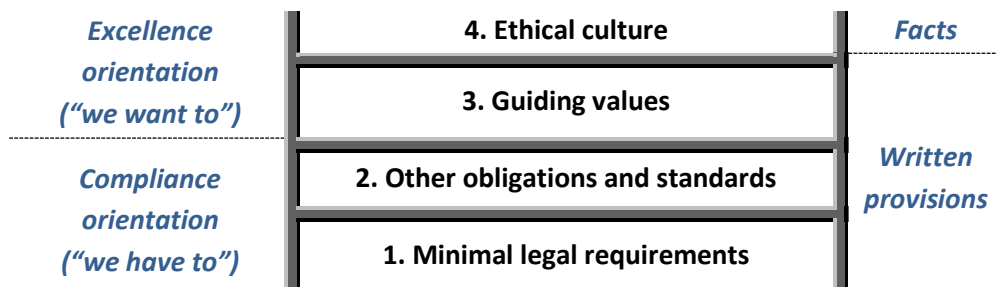
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1. The layers of the ethical framework of a public body

By Paolo Giusta, author on ethics for civil servants and ethical leadership, EU civil servant

Typically, the ethical framework - or ethical infrastructure – of a public body, including SAIs, consists of several layers, like the steps of a ladder (see Figure 1).

FIGURE 1: the layers of the ethical infrastructure



The *first step* consists of compulsory provisions laid down by **legal rules**, including staff regulations stipulating civil servants’ obligations, and remedies - such as disciplinary sanctions - in the event these obligations are not complied with. This is the **first and minimal level of any ethical infrastructure**: indeed, one can expect from a public body that at the very least no illegal act is committed.

First layer: legal rules

In the *second layer*, we find **other obligations and standards of public conduct**, such as the duty to act with independence, in the event such a duty does not stem from a legal provision. Part of the independence standard is the avoidance of conflicts of interest, e.g. as laid down by the OECD¹. At this point, we also find any other rule that the public body has decided to adopt, such as provisions to protect the dignity of staff, the obligation to denounce reprehensible acts, etc. Some organisations may decide formally to adopt a code of ethics containing these tailor-made obligations applying to its staff.

Second layer: obligations and standards of conduct

These first two layers share the feature that they look at ethics as **compliance with established rules**. They aim primarily to prevent, identify and punish bad behaviour. The provisions they contain are enforceable, and consequences - such as disciplinary and even criminal sanctions - can be applied when such provisions are breached.

The next two levels belong to a different, yet complementary, approach to ethics, which considers ethics as a resource for better behaviour and decision making, and ultimately for better

¹See OECD (2005), OECD Guidelines for Managing Conflict of Interest in the Public Service (www.oecd.org/gov/ethics).

performance², rather than just as a limitation indicating what should be avoided. The content of these two latter layers is largely unenforceable. Here the consequences are not sanctions, but positive outcomes if they are put into practice: a more serene working climate, more and better-quality output, increased reputation, and a better service to the public as the bottom line.

The *third layer* is the **values** that the organisation considers important: the values that should guide the strategy and daily operations of managers and staff and that are typically enshrined in a value statement, communicated to all personnel and stakeholders. These values are aspirational, insofar as they indicate which kind of excellent (not only rule-abiding) conduct and decisions the public body is striving to achieve and demonstrate.

Third layer: values

The first three layers consist of written provisions adopted either by external bodies (e.g. the legislator) or the organisation itself. All these written provisions, however, could remain little more than wishful thinking if they are not used and put into practice in the public body's daily life.

Here the actual, **non-written ethical culture** of the organisation enters into play – the *fourth step* in our ladder. This culture is composed of facts, such as the example provided by public servants at the top of the organisation (which we see as the single most important element of the ethical infrastructure), the time and resources spent in making ethics a priority (e.g. by setting up an integrity function, internal and external communication actions, training courses, etc.) and the way the public body monitors that the components of the ethical infrastructure are put into practice.

Fourth layer: culture

² For a recent research indicating that there is “a positive and strong correlation between ethics and organizational performance”, see Peyman Akhavan, Majid Ramezan, Jafar Yazdi Moghaddam, Gholamhossein Mehralian, (2014) “Exploring the relationship between ethics, knowledge creation and organizational performance: Case study of a knowledge-based organization”, VINE, Vol. 44 Iss: 1, pp.42 – 58.

2. Ethical behaviour: a theoretical framework

by Linda Strijker, Integrity Coordinator at the Netherlands Court of Audit

In 2010 the Netherlands Court of Audit conducted an employee perception survey, InternetSpiegel. It is a validated instrument, based on the work on ethical performance of organisations developed by the American researchers Trevino and Weaver.

This instrument facilitates surveys on the performance of integrity management by public organisations and benchmarking of results between organisations within the same peer group. It provides insight in effects and maturity of instruments, especially soft controls.

The results show that there are two types of ethical behaviour: following rules and moral conscious behaviour. Hard controls and soft controls can be used to enhance following rules and moral conscious behaviour. Soft controls are aimed at awareness and the moral competence of employees.

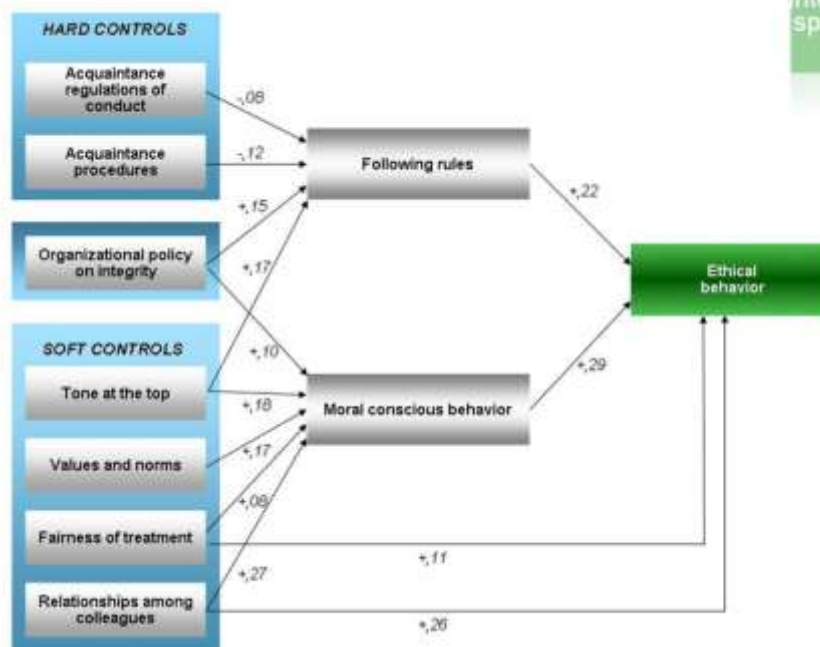
There are five hard and soft controls that have shown to be contributing to following rules and moral conscious behaviour:

- Organisational policy on integrity
- Tone at the top
- Values and norms
- Fairness of treatment
- Relationships among colleagues

Exemplary behaviour by management, fair treatment and good relationships among colleagues are an important contribution to the moral awareness of staff. In addition, amicable relations among colleagues and fair treatment help to promote an ethical attitude towards work. This indicates that soft controls represent an essential contribution to staff integrity in the workplace.

Controls contributing to ethical behaviour:

- *Organisational policy on integrity*
- *Tone at the top*
- *Values and norms*
- *Fairness of treatment*
- *Relationships among colleagues*



Organisational policy on integrity

There are two dimensions in integrity policy: rule based and principle based. The rule based policy is repressive and legalistic. It focuses on determent of bad behaviour by detection and punishment. It needs clear rules and independent execution in order to maintain rule of law and fairness. The principle based policy is an approach that is focused on facilitating good behaviour and rooted in stimulating an ethical culture. It needs a wide definition of integrity. For example: formulating a code of conduct alone is not enough. Employees need to know and understand the policy to make it work.

Tone at the top

Ethical requirements set by ISSAI (ISSAI 30, 20 and 40) specifically state that the SAI should ensure transparency and legality of their own operations and that managers should act as examples of appropriate ethical behaviour.

Values and norms

Setting values and norms is an important instrument for strengthening the integrity of an organisation. Acting with integrity is not just the responsibility of each individual employee, but also of the organisation as a whole. The organisation is responsible for providing a safe working environment in which employees are protected as far as possible from integrity risks.

Fairness of treatment

When the intention behind rules and regulations is not understood by the target audience, it is very difficult for them to comply. Also, it is important that the rules are carried out in a responsible matter. Even people who didn't want to break the law might find themselves doing so as soon as they feel that rules are not fairly executed. There needs to be room for personal development within the SAI. This also means that there is room to make mistakes and to learn from them.

The SAI should not tolerate any form of discrimination.

Relationships among colleagues

Relationships among colleagues play an important role to success in the workplace. A pleasant working atmosphere is essential for a good performing organisation. This means being open in our communication, working together well and helping each other. That also helps to promote an ethical attitude towards work. When employees get along they are more likely to discuss ethical dilemmas and ask each other for advice.

3. Having an organisational policy on integrity

As mentioned by János Bértok, from OECD, in Part I, achieving a change in behaviour and building a culture of integrity needs constant and not *ad hoc* efforts and requires a comprehensive approach that combines several tools and measures, management processes and integrity actors into a **coherent integrity system**.

Establishing an **organisation policy on integrity** is a powerful instrument to set up that coherent system at the same time it is the visible expression of an integrity culture (which spends time and resources in making ethics a priority) and one of the important contributors to ethical behaviour.

According to the INTOSAI Development Initiative (IDI), SAIs could ask the following questions to check if they have in place the necessary **mechanisms that ensure ethical practice**. These questions relate to several elements of an integrity system:

- Is the SAI environment and organisational culture conducive for ethical practices?
- Has the SAI adopted a code of ethics?
- Is this code of ethics aligned to ISSAI 30?
- Does the SAI have mechanisms in place for implementing each element of the code? Do these mechanisms work well in practice?
- Does the SAI have a regulatory mechanism for holding its people to account for actual ethical practice? Are consequences of non-compliance with ethical code defined and implemented?

Adopting a code of ethics is not enough

An example of a global organisation policy on integrity is given by the **U.S. GAO³**, describing that **integrity is safeguarded by several linked elements**, such as:

- The status and structure of the agency, ensuring its clear independence
- An ethical leadership
- Permanent communication highlighting and valuing integrity
- Regular training on ethics
- A formal Quality Assurance Framework where ethics is a key element
- Routine controls to remind and document compliance to audit ethical requirements
- Annual and triennial internal and external controls over the organisation, to ensure that the agency remains accountable and independent.

Integrity is ensured by several linked elements of a coherent system

³ All the mentioned cases are described in articles prepared by the respective SAI, which are included in the Annex.

As another example, in the **Netherlands Court of Audit**, there is an **integrity management system** consisting of two parts:

- **Organisational measures** such as regulations, risk analysis, audits and reporting and investigation procedures ('hard' controls)
- Measures to promote an **organisational culture of integrity**, for example dilemma training sessions and special meetings on the theme of integrity and, above all, exemplary behaviour by management ('soft' controls)

The case of the **Malta NAO**, described in Part I of this paper, is an example of how even **small SAIs**, although facing challenges, can have organisational integrity policies adapted to their specificities.

The **SAI of Albania** shows how ethics and integrity fit in its organisational priorities since 2012, how it has been working simultaneously in regulations, training, communication and investigation and how the membership to the TFA&E is a piece in that strategy.

The experience of **Tribunal de Contas**, the Portuguese SAI, shows that the basis for an organisational integrity policy able to prevent misconduct can start by a **risk mapping**. In this case, a management plan is adapted to the evolving risks in each moment.

IntoSAINT

Another structured approach that may be used to design, assess or prepare an organisational integrity policy is the self-assessment tool **IntoSAINT**, developed by the **Netherlands Court of Audit**. This is a tool that raises awareness on ethics, enables SAIs to assess their vulnerability and resilience to integrity violations and results in **recommendations on how to improve integrity management**. These recommendations may be the basis of an action plan to build a complete and coherent organisational integrity policy.

The tool is mainly grounded on the ideas that :

- **Integrity** is a broad concept that goes beyond simply observing rules and laws;
- Dealing with integrity through a **preventive approach** is less costly and more effective than repairing damaged caused by misconduct; and
- Effectiveness of integrity management is more strongly determined by **soft controls**, related to behaviours, working atmosphere and culture within the organisation, than by hard controls, based on following rules.

SAINT was originally designed, by the Netherlands Court of Audit, in cooperation with the Ministry of the Interior and the Bureau Integrity of the city of Amsterdam, for public sector organisations in general, but it has been customised to meet the specific needs of SAIs. This particular version of SAINT is available for members of INTOSAI and is termed 'IntoSAINT'.

Integrity management system based in hard and soft controls

Ethics as a strategic option

Plan for preventing integrity risks

IntoSAINT

Raising awareness Improving integrity management

The self-assessment is conducted in a **two-day workshop** for a group of participants from the assessed entity. Self-assessment means that the organisation itself tests its resilience to integrity risks, drawing on the knowledge and opinions of the staff.

The assessment method is targeted at prevention. It is not designed to detect integrity violations or to punish (repress) unacceptable conduct but, instead, to identify the main integrity weaknesses and risks and to strengthen the organisation's resilience with a view to preventing future violations.

During the assessment, the participants identify the main vulnerabilities and risks and then make recommendations on how to minimise them. This induces thinking in terms of vulnerability and risk and **improves the organisation's approach to integrity.**



The method also focuses on the organisation's resilience to integrity violations. Evaluation is done on whether integrity measures have been introduced, whether they are being implemented and observed and whether they are effective or not. This produces a good insight into the maturity of the integrity control system and the organisation's resilience to integrity violations.

The end product of the assessment is a concrete management report/action plan. This report explains to management where measures must be taken to strengthen the organisation's resilience to integrity violations.

Additionally, the assessment can significantly increase the awareness of integrity. Taking an intense and collective approach to the issue, participants' minds are focused on why integrity is so important. The participants' collective discussions of the importance and significance of integrity before, during and after the workshop are of great value and allow them to pass on their findings throughout the organisation⁴.

IntoSAINT experience has so far shown that:

- Structured **integrity risk assessment** is not common within SAls;
- The **need for an integrity policy framework** is among the most mentioned recommendations;
- Risks related to the **independence of SAls** are an important concern; and
- Recommendations concerning 'soft controls' stress the **importance of fairness, clarity, communication and leadership.**

Results

- **The SAI of the former Yugoslavian Republic of Macedonia (SAO)**

⁴ More information on IntoSAINT available in <http://www.courtofaudit.nl/english/Publications/Topics/IntoSAINT> and in the TFA&E website

has conducted a self-assessment IntoSAINT workshop. According to the management, this workshop was the **first strategic step in building a systematic approach to integrity within the office** and it increased the awareness of the need to strengthen institutional integrity. Developing an integrity policy following an integrity plan, assigning functional responsibilities for integrity, establishing a notification procedure for employees to report suspected integrity violations (a "*whistle blowers procedure*"), periodical review of integrity system and training were the key recommendations. The recommendations were integrated as goals and actions in SAO Development Strategy 2013-2017 and SAO Strategy for Human Resources Management 2013-2017.

Strategic step in building a systematic approach to integrity

- The **Audit Board of the Republic of Indonesia** (BPK) has also used IntoSAINT in 2010 and 2012. IntoSAINT report has consistently cited that the BPK's control in integrity has been in "*medium*" level. It means that BPK has owned integrity control but need some improvements to be effective. One of the results concerns the unit responsible for dealing with ethics violation.

Improvements in integrity control

4. Setting the basis: values and norms as the guidance fundamentals

Identifying core values is the first step to creating a common understanding of the expected behaviour of a professional group. Those values are drawn from social norms, democratic principles and professional ethos. Legislating standards of behaviour has become the primary way to elaborate on stated core values⁵.

On the other hand, as mentioned before, the first level of any ethical infrastructure consists of **legal rules** that should be complied with. The second layer still consists in rules, included in codes of ethics or/and conduct. Most of the times, these rules are grounded in **statements of values** and standards of behaviour and, thus, closed linked to the third layer.

As mentioned in Part I, when striving to meet the main INTOSAI ethical requirements, European SAIs strongly focus on establishing and implementing ethics related guidance and orientation measures, notably by norms and codes. **The majority of SAIs have their own code of ethics.**

The experience described by the **Accounts Chamber of the Russian Federation** highlights how this SAI values its articulated system of legal regulations and recommendations, where **the Code of Ethics and Labour Conduct is designed to help the employee to be properly guided in complex moral collisions and situations caused by the specific nature of his/her work.**

⁵ See *Building Public Trust: Ethics Measures in OECD Countries*, OECD, 2000

a. Why have a code of ethics/conduct ⁶

A common way of expressing ethical values is the adoption of a code of ethics. These codes **provide a vision**.

Codes of ethics provide a vision

Moreover, codes of ethics are mainly written to **guide behaviour**: they clearly articulate, **from a single source**, acceptable and unacceptable behaviours. They translate core values and principles into concrete standards in an easily understandable way. At the institutional level, codes of ethics/conduct articulate boundaries and expectations of behaviour: they provide clear markers defining which behaviours are forbidden and which are expected. In this sense **they promote ethical behaviour** by:

They are a clear single source of guidance

They promote ethical behaviour

- Providing a benchmark against which to judge behaviour
- Increasing the probability that people will behave in certain ways
- Reducing the sacrifice involved in an ethical act (moving it from a moral choice to doing the right thing) without eliminating reasoning and judgement
- Promoting habits

When adopting a practical approach, codes can even guide with examples on how to apply values and principles in concrete situations and how to prioritise them.

Codes of ethics also function as **professional statements**. As they express commitments to a specific set of standards, they have both cognitive and emotive value. They give the persons a clear set of values to subscribe and, at the same time, they provide them with the pride of belonging to a group or profession. **They are highly symbolic**.

They are symbolic professional statements

Their symbolism also works outwards. Initiatives to strengthen ethics in public sector should be supported in **commitments publicly expressed and institutionally appropriated**. When stating principles indicating what the organisation stands for, they increase public trust and respect, they meet stakeholders' expectations and they create a clear contract between institutions, professionals and their clients.

They increase public trust and respect

Furthermore, codes are more **flexible** than legislation and can be easily adapted to evolving circumstances.

They are easily adapted to evolving challenges

ISSAI clearly indicate that SAIs should have their own codes of ethics, based on ISSAI 30 requirements, as comprehensive

⁶ See János Bertók's presentation in the seminar "Enhancing ethics within SAI". See also Stuart C. Gilman, *Ethics Codes and Codes of Conduct as Tools for Promoting an Ethical and Professional Public Service: Comparative Successes and Lessons*, 2005

statements of the values and principles that should guide their daily work and as a way of promoting trust and confidence in its public audit work.

When looking into SAIs' experiences, one can identify several reasons and purposes for their codes of ethics and/or conduct:

- For the **Netherlands Court of Audit**, the purpose of developing a code of conduct was not only to make a code of conduct, but also to **put integrity and ethical behaviour on the agenda**.

Putting integrity on the agenda

- As for the **Court of Audit of Belgium**, they decided to draw up a strategic plan including «a formal code of ethics» with the **objective of reinforcing the credibility of the Court through a formalisation of its values**. The main idea was to set the values to respect within a given framework of standards in order to **guarantee the reputation of the institution**.

Reinforcing credibility

- The reasoning of the **European Court of Auditors** was similar: **the aim of the ethical framework is to ensure that the Court is perceived as an objective, independent and professional institution in which its stakeholders can have full confidence**. It is a key element in preserving and promoting the reputation and credibility of the institution, which is essential to its task of scrutinising and certifying the work of other public managers.

The reputation and credibility of the institution depend on its personnel fulfilling ethical requirements

- The **UK National Audit Office** considers that **codes of conduct or ethics exist primarily for the benefit of stakeholders**. Where a robust code is in place they can have increased confidence in both the quality of work performed by a SAI, and the proper conduct of its members or staff. The content of their code is therefore informed by a number of sources and standards that the stakeholders, primarily Parliament and the public, would expect and want them to follow.

Increasing stakeholders' confidence in both the quality of work performed by the SAI and the proper conduct of its members or staff

- In the case of the SAI of Denmark, **Rigsrevisionen's code of conduct is one of the outcomes of an ISSAI gap analysis done in 2011**, where *Rigsrevisionen's* internal audit manuals and other guidance materials were analysed to make sure that *Rigsrevisionen's* practices were in compliance with the ISSAI. The conclusion of the gap analysis of ISSAI 30 showed that *Rigsrevisionen* was in compliance with the principles in ISSAI 30, but the rules/ethical principles were not compiled in a single document. This paved the way for the development of **the Code of Conduct that provides an overview of the documents, practices and norms that were already in place at the time**. All the requirements in ISSAI 30 are reflected in either the Code of

Gap analysis of ISSAI 30: the rules/ethical principles were not compiled in a single document; the code of conduct provides an overview of the documents, practices and norms that were already in

Conduct or in the supporting materials.

place

- As concerns the Swedish SAI, they consider that a **code of ethics is necessary to establish appropriate ethical behaviour for a SAI**. The code should be the reference for staff behaviour and the basis for developing staff sensibility to ethical threats and challenges and should be demanding. In their words, no matter what professional methods and skills the SAI employs, and no matter how daring the organisation is, its audit activities will be meaningless if the work is based on flawed ethics. At least in the long run. It may only take the straying of one single staff member from what the general public perceives as the ethically acceptable path to jeopardise the general reputation of the SAI.
- For the SAI of Hungary the purpose of the code is similar: it is a **tool in the hand of the auditor that helps to decide what is right and what is wrong**.

*A code of ethics is
necessary to establish
appropriate ethical
behaviour*

b. Which type and content for a code of ethics/conduct

According to the results of the TFA&E survey and to the discussions in the workshops held in the TFA&E seminar (Lisbon, January 2014), while a majority of SAIs have adopted a code of ethics or a code of conduct, **the type of code varies significantly**:

- Some SAIs have chosen short codes stating the main ethical values and principles whereas other SAIs have approved very detailed codes
- Some have one single document, others have a code complemented with separate guidance
- Differences exist also on how SAIs' codes of ethics relate to other national and professional rules and codes

The type of code varies significantly

Almost all SAIs replying to the TFA&E survey include in their ethical framework:

- Statements regarding the **values and principles** guiding conduct
- Descriptions of the associated **expected behaviours**
- **Concrete examples** of dilemmas and sensitive situations regarding, among others, conflicts of interests, political neutrality, as well as gifts and hospitality and
- **Provisions for dealing with misconduct**

But differences are observed on how far the codes go: some cover **strictly professional conducts** while others deal with **personal conducts** that can impair professional ones.

According to Stuart C. Gilman, **there is no ideal mix between principle and detail** in ethics codes and standards of conduct, other than one emphasizing the former and the other the latter. The mix is better determined by evaluating the social pressures and organisational culture: **context matters in defining the approach** (János Bertók). Consistently, the mix also depends on which function was chosen as predominant: **inspiring, guiding or regulating**.

Codes of ethics tend to be principle based

Codes of conduct tend to be detailed

Most codes combine elements of the several possible approaches.

In this matter, several types of experiences were identified in SAIs:

- The SAI of Sweden, **SNAO**, considered this question when drafting its new code of ethics and concluded that the more detailed the rules, the more loopholes will be found. So, the Swedish NAO came to the conclusion that a CoE on a conceptual level has the **advantage of laying down the general direction** so that staff understands the fundamental and essential nature of ethics and

Conceptual codes speak to hearts as well as minds

of making people aware that ethics is a mind-set rather than a matter of just following rules. From this perspective it seemed wise to them to develop a **CoE that “speaks to” hearts as well as minds to convey the right message.**

- The **Netherlands Court of Audit** chose to make the code of conduct a **personal document** for everybody and therefore excluded rules and regulations and focused on values and behaviour. The code contains eight values to help employees in their own considerations of how to treat each other and people outside the organisation. NCA considers that openness and discussion give the opportunity to clarify and supplement these values where necessary.

The code of conduct as a personal document for everybody

- The Danish **Rigsrevisionen’s** code of conduct is a short 1,5 page document. The code lists all the ethical principles that employees are expected to follow. Some of the principles mentioned are further elaborated in supporting documents, some principles origin in Danish national laws and regulations and references to these are made where relevant. The code was mainly meant to **compile all the rules/ethical principles in a single document, providing an overview of the documents, practices and norms already in place.** An important assumption is made that it is not possible to have an exhaustive set of rules that covers every situation. It is therefore necessary that civil servants adhere not only to rules, but also use their sound judgement.

A short 1,5 page document

- The code of ethics of the **Belgian Court of Audit** was designed as a **call for commitment, by stating values and principles.** This SAI considered that the code of ethics **is not a code of deontology,** which generally refers to a set of rules aiming at an adequate practice of a profession, **neither a behaviour code,** which includes directives relating to positions to adopt and actions to take in concrete situations, **neither a disciplinary code,** which usually lists the possible infringements, with the corresponding sanctions, as well as the procedure to follow for establishing and punishing the infringement. Indeed, most of these aspects are already covered either by the general code for civil servants or by staff regulations.

The code of ethics as a call for commitment

- The **UK NAO’s** code sets out values and principles, with the **expectation that staff exercise judgement appropriate to the circumstances.** However, it is explicit about the appropriate responses to ethical issues in some cases and also reminds staff of the need to comply with a large body of other requirements. The specific rules include, for example, potential future employment with an audited body and the definition of a “token value” gift that can be accepted in the course of official duties. This approach aims to provide **clear guidance on matters where two reasonable**

The code as an instrument of guidance on matters where two reasonable people could hold very different views about the appropriate course of

people could hold very different views about the appropriate *action* course of action. It also encourages, and in some cases mandates, the discussion or disclosure of possible ethical issues with colleagues who can provide advice. This protects individuals from taking decisions in good faith that are subsequently judged by others to be unreasonable.

- The French **Cour des comptes**'s code of ethics, as a clear framework of values and principles, **is intended to guide staff in their daily missions**. To ensure its effectiveness, two major drawbacks have been overcome: first, the risk was to give ambiguous and non-operational rules – that is why **precise examples are developed**, regarding gifts or invitations by auditees for instance. Another risk was to trigger an atmosphere of general suspicion which could have been detrimental to the internal organisation – that is why the code is based on trust, individual responsibility and personal discernment.

Precise examples are developed, regarding gifts or invitations by auditees for instance

- The code of ethics for **NIK**'s auditors (SAI of Poland) is a part of the audit manual and is principally based on the INTOSAI Code of Ethics, although also using concepts from the IFAC code, as well as requirements stemming from the Polish legal regulations concerning the functioning of NIK. The description of each principle contains a short definition and indicates key requirements for its application in audit practice. **In the final part of the Code, a set of questions is presented** which help auditors to resolve doubts as to the application of the Code, and differentiate between ethical and unethical behaviour.

A set of questions is presented which help auditors to resolve doubts as to the application of the code

- In a very recent process of review, the **SAI of Hungary** (SAO) questioned itself about a number of questions on the structure and content of its new Code and several discussions emerged in the organisation about that. Finally, the SAO decided to have **three separate documents**: one, the **Code of Ethics**, with specifications of the ethical values and principles, a second document containing the **provisions related to ethics violations** (consequences of misconduct, procedures and the ethical committee) and a third document called as **implementation guide**. This document is a collection of practical information, including dress code, offers, etc.

3 documents compose the ethical written framework: code of ethics, rules on ethics violations and implementation guide

c. To whom should the code be targeted

Codes of ethics/conduct can concern a particular profession, concentrating in the individual behaviour of members of a certain profession, or they can **concern a specific organisation**, being applicable to all those involved in it. The latter are being used by an increasing number of institutions.

While initially mainly targeted to auditors, SAIs' codes of ethics are more and more **organisational codes**, applicable to all staff of the SAI, even in those SAIs that follow a jurisdictional model.

Additionally, and following ISSAI requirements, SAIs' codes of ethics /conduct are commonly **applicable to seconded staff and to all external experts or contractors conducting audit work for the SAI**.

These assumptions were consensual in the discussions held during the TFA&E seminar.

OECD expert (János Bertók) also advised basic and common standards applicable to all and supplementary guidelines to address specificities of certain professions.

SAIs' practices show, for example, that:

- In the **Belgian** case, and right from the outset, the code of ethics was to be a statement of the values and principles which should guide the daily work of the Court. Its scope was to encompass the Court as a SAI, its members and the staff (auditors and supporting services) and deal with their professional activities. The code of ethics **is not meant as a code of deontology**, which generally refers to a set of rules aiming at an adequate practice of a profession. The preamble of the Code refers directly to the mission statement of the Court which is partly included, demonstrating the will to target the members of the Court, the auditors and the supporting staff alike.
- The ethical guidelines of the **European Court of Auditors** also apply to all Court's personnel: members, managers, auditors and staff in administrative functions.
- In the SAI of Italy (**Corte dei Conti**), there is a so called mixed model:
 - On one side, there are the **rules of conduct for magistrates**, governed by a specific code of ethics approved by the association of magistrates of the Corte dei Conti in a self-regulatory system
 - On the other side, the **administrative staff** refers to the code of ethics for public employees



The code of ethics applies to the SAI, to its members and the staff, both auditors and supporting services

A mixed model: conduct of magistrates is governed by a self-regulatory code; administrative staff obey to the code of ethics for public employees

d. Preparing the code of ethics/conduct

A significant lesson learned is that **successful implementation starts with the design of the code**.

Moreover, the process of preparing the code of ethics/conduct is, in itself, an ethics awareness raising process and becomes a part of the social contract expressed by the code.

So, the process of preparing it is as important as the code itself. This process should be **inclusive** (involving all levels of the organisation), **transparent** and ensure **commitment** and **ownership**.

Practices of SAIs in this respect illustrate how this involvement can be ensured:



- The **Office of the State Comptroller and Ombudsman, Israel**, is in the process of setting up a code of ethics.

The office **started by raising awareness** on the importance of ethics within the organisation through seminars, courses and meetings, where practical ethical dilemmas were discussed. Consequently, managers and employees became more aware of the necessity of a code of ethics specific to the organisation.

The development of the code will be conducted by an external consultant supported by a **Steering Committee from all levels of the office** – from the different sectors (auditing, Ombudsman and administration) and from all employee levels, as well as a Union representative.

After the consultant carries out a survey among employees to examine the awareness and need for a code of ethics, he will work with the Steering Committee on writing a draft of the code. This draft will be presented to all the employees (in small groups) and will be discussed by them. At the end of this round, the original draft will be corrected integrating the employees' comments and the organisation's code of ethics will be finalised.

Involving all the organisation

- In the **Netherlands Court of Audit**, the office started by integrating external sources such as the requirements from INTOSAI regulations and the existing rules for Dutch civil servants. Since the purpose was to put integrity and ethical behaviour on the agenda, next they put together groups of employees, from secretary to director, and asked them what dilemmas they come across while doing their jobs. **In meetings they discussed which values are most important.**

Meetings held with all staff

- In the **SAI of Belgium**, a project group was entrusted in 2005 with

the preparation of the code, along with the lines set by the General Assembly of the Court. It reviewed the existing codes, sent a questionnaire to the SAIs in the EU, analysed the literature and consulted all the services of the Court. The Court approved the final code of ethics in 2009.

The project group insisted on a **transparent procedure and a thorough consultation (both bottom up and top down) and a high involvement of the management and the staff**. Everyone should endorse the final text. They considered it vital, to ensure a successful implementation, to motivate the draft code, to review the comments and to consult all parties involved. So, **awareness-raising during the drawing up was considered as a guarantee for success** (specific section on the intranet, participation, openness).

Transparent and participative procedure

- In the **SAI of Poland**, the draft of the Code was prepared by two persons from NIK's methodology unit, and, before approval, it was open for comments to all NIK employees for one month on the intranet.

Consultation

- In the **SAI of Hungary** (SAO), general information sources were considered and external consultations with other public institutions were carried out (Prosecutor General, Curia, Minister of Public Administration and Justice, Supreme Court). Internally, the process involved several steps. There were discussions with managers and leaders and an internal consultation for one month, involving the whole SAO staff. Comments were considered before President's approval.

External consultation

Periodic review of the code is very important to maintain relevance and to meet internal and external changing expectations.

Periodic review

- In the **UK NAO** the code is reviewed and updated on an annual basis **following consultation with relevant stakeholders** and approval of the C&AG and Board.

Consultation with stakeholders

e. Communicating the code of ethics/conduct

To be relevant, a code of ethics or conduct must be **effectively communicated** to those to whom it is targeted to.

This communication serves several purposes:

- Shows **leadership commitment** to its implementation
- **Induces commitment** in those that must apply it
- **Encourages and educates** individuals to use it

Communication is a key success factor during all the life of a code of ethics/conduct: during its preparation, during its launching and during implementation and review.

A **special event to launch an ethics code** can serve several purposes, notably setting its importance in everyone's mind and showing leadership commitment to implementing the code.

- The **Netherlands Court of Audit** experience is an example of that. The implementation of their code of conduct started with a kind of **party**.

They closed the office for business and organised an **afternoon of integrity**. Different workshops about ethical dilemmas, integrity in the workplace and brainstorms about solutions ended with drinks and bites.

Flyers and **brochures** were distributed as well as a **toy** with the 8 values in the code of conduct, which is still used today like a **stress ball** and decoration.

After all this a contest was organised. Who came up with the best idea to keep the code of conduct alive won. The results of this contest are being used ever since:

- Dilemma trainings for everyone
- Training for new employees
- Regular ethics discussions in every department.

The implementation of the code of conduct started with a kind of party



Making the codes easily available is an important part of its communication and implementation. A large majority of SAIs replying to the TFA&E survey use the **intranet** to permanently communicate the code to their members and employees.

Publication

However, only half of the SAIs make their ethics documents **public** through their websites. This is not consistent with the assumption that a code of ethics is meant to ensure credibility of the SAI and represents a commitment towards SAI's stakeholders (namely the public). Neither is this consistent with ISSAI 20 requirements (principle 4: *the ethical requirements and obligations of auditors, magistrates, civil servants and others are made public*).

Committing to the code is also a powerful instrument to communicate it and to keep it alive. 56% of SAIs that replied to the TFA&E survey require from staff to **formally commit to ethical values of the SAI**. The most common means used to do it are:

- Signing declarations taking notice of the Code of Ethics when starting functions in the SAI
- Reminders of ethical obligations on a regular basis
- Commitment for each audit assignment



- In the **UK NAO** the code is read and signed by all staff on at least an annual basis

The code is signed by all staff

- In the **SAI of Denmark**, all employees are requested once a year to declare that their work in the previous year has been carried out in compliance with the code of conduct and the ethical principles listed herein.

Reminders

- In **Cour des comptes**, France, an oath is taken by each auditor in front of the whole court at the very beginning of his or her professional life, **symbolizing the first personal commitment to abide by the ethical rules of the institution.**

Oath

- **US GAO** has implemented routine controls that serve to remind its employees of independence issues and act as documentation that is reviewed during internal and external inspections. For example, **on a biweekly basis, employees affirm their independence for the work they performed** and they also sign an **annual statement** of independence stating that there are no impairments to their independence and that they will promptly notify a senior manager on their current assignment if a threat to their independence that may require safeguards should arise. The statements of independence are reviewed by management.

Routine controls to remind and document compliance to audit ethical requirements

Training is used almost by all SAIs to ensure the communication of codes, thereby raising awareness on ethics and supplementing the guidance provided in the corresponding documentation. It often takes the form of scenario-based ethics workshops. For instance:

- In the **European Court of Auditors**, **training on the ethics guidelines** has been made compulsory for all personnel as a way of empowering its staff with adequate ethical tools introduced in 2011. At the end of 2013, around 89% of staff had participated in its internal courses on ethics; 90% of its managers have followed the courses. New arrivals receive specific training and further ethical issues are being raised in management workshops.

Training

- In **NIK (Poland)** the introduction of the code was followed by

training courses, organised on two levels: training for leaders from all audit units of NIK, and training carried out by leaders for their colleagues. Training in this area was also available for newly recruited auditors.

Training as a tool to continuously raise awareness in ethics will be further explored in the next chapter.

5. Raising awareness of ethics on a regular basis

Having clear values' statements and reference norms is important but is not enough. What really matters is implementing them. And, as highlighted by OECD, putting values into effect starts with communication. To be implemented, **ethical requirements and obligations need to be well known by those who are to respect them.**



Permanently raising awareness on those requirements is, therefore, crucial for the implementation of ethics values and norms and is a key element to bring us to a true **ethical culture environment**, the upper layer of our ethics ladder.

This can be done through a variety of mechanisms.

In fact, all ethical documents and policies are means to raise awareness on ethics. Codes and guidelines, processes used to prepare them, means of communication and transparency, leadership commitment, special integrity agents or specific ethics units and any assessment tools implemented have a significant impact on how people know, perceive and value integrity and, therefore, influence their behaviour. Without undervaluing them, and because we go through them in other chapters of this paper, we will mention them here but will mainly focus in **education** and **training**, which have a special role in this respect.

Training about ethics makes SAIs and their staff more able to ascertain their integrity, to identify ethics-based risks and to gain knowledge about how to prevent unethical conduct. The majority of European SAIs has interest or experience in ethics related training and strongly recommend it.

Training

In these trainings, it is important to combine **lectures on rules** with interactive and tailor-made case studies and workshops for **training on values and ethical conduct in risk situations**. In fact, education approaches emphasizing reasoning from principles, encouraging people to ask ethics questions and managers to include ethics in their daily work can be much more effective than training focused in providing information. On the other hand, unregulated issues, "grey" areas and ethical dilemmas seem to be the main field where guidance and discussion are needed and useful.

A study prepared by OECD “*Ethics Training for Public Officials*”⁷ provides some guidance and ideas that can be used in preparing adequate training events for ethics’ development.

Discussions based on real-life situations and **experiences shared through meetings** are examples of other possible education activities that provide practical guidelines on expected behaviours and decision-making processes involved in this respect. They contribute to develop awareness of up to date ethical practices and facilitate the on-time recognition of problems. Such opportunities create an open atmosphere, where employees communicate and are willing to learn from one another.

Real-life situations

Through the survey and further analysis, the TFA&E identified some instruments and good practices used by SAIs to raise awareness on ethical issues, thereby enhancing ethical behaviour. The instruments and practices are mentioned below, clustered into the hard and soft controls that have shown to contribute to following rules and moral conscious behaviour.

Organisational policy on integrity

Training programme on ethics

- In **Tribunal de Contas** (Portugal) one of the methods used to implement their integrity policy is conducting regular training sessions about ethics’ concepts, values and practices.

The training is aligned with the organisation’s plan to mitigate integrity risks, which includes other elements of the ethical framework of the Institution, namely legal provisions, internal rules and assessment/ control tools. It aims at:

- Exploring applicable ethical principles and expected behaviours
- Explain the elements of the ethical infrastructure, by using the OECD framework adapted to the SAI mandate
- Discussing examples of ethical dilemmas and ways to solve them

The course lasts for 15 hours (3hx5days) and is delivered both to newly recruited or already working auditors and other staff. Topics covered are: ethics concepts, public ethics values and how they are embedded in good governance, auditing standards ethical requirements, other SAIs’ ethical policies and practices, policies for managing ethics and ethical leadership.

The training includes a lot of practical exercises to encourage participation and effective learning.

- The **European Court of Auditors** adopted a “*Code of Conduct for Members of the Court*” and “*Ethical Guidelines*” as the key elements of their organisational policy on integrity. The guidelines

Ethical Guidelines

⁷ Available in the TFA&E website

are intended to help ensure the daily decisions, both in auditing and in running the institution, complying with the principles of the INTOSAI Code of Ethics and the relevant provisions contained in the Treaty and in the Staff Regulations as well as the principles of good administrative conduct. This document sets out guiding principles although it is the individual's responsibility to choose the solution best suited to each specific ethical challenge. Since there is not always a set reply for each question, individuals are encouraged to apply common sense and to talk openly to superiors and colleagues. Members and managers have a special responsibility in ethical matters since, through their example, they have a major influence on the culture of the organisation, and they therefore have to be particularly attentive.

The European Court of Auditors' hand-out documents are permanently kept available in its website and intranet and reminders on them are made regularly.

- The **Netherlands Court of Audit** developed a self-assessment tool (IntoSAINT) that enables SAIs to assess their vulnerability and resilience to integrity violations and to yield recommendations on how to improve integrity management. IntoSAINT takes the form of a two day workshop with a cross section of employees. The core of the workshop is a vulnerability questionnaire and a well tested framework of management controls. The workshop is facilitated by a moderator who is trained in this methodology. The exercise itself strongly raises awareness on ethics and allows a structured approach to design or correct an organisation policy on integrity.

IntoSAINT

Tone at the Top

Leaders of an organisation provide the vision, inspiration and purpose that influence its members to achieving goals. The leadership should set the tone by keeping as their key concern the organisational ethical values and the ethical conduct of staff. This should be done by the direct example of their own behaviour and by the standards they demand from others.

Leadership training

- In the ethics training conducted in **Tribunal de Contas** (Portugal) one of the components relates with the leadership role. Practical exercises over checklists, dilemmas and concrete experiences encourage debates and awareness raising about unresolved situations and about the managers' role in addressing them during their day-to-day business.

*Ethical leadership
programme*

- The **SAI of Turkey** has been closely involved with the work of the *Turkish Council of Ethics for the Public Service*. This Council developed a training package in ethical principles and ethical

conduct called “**Ethical Leadership Programme**”. The programme examines ethical principles in a challenging and interactive way by focusing on a series of ethical dilemmas relevant to public service management and explores issues associated with applying ethical principles in practice when faced with a range of conflicting forces and pressure. The training is delivered to public officials and ethics trainers of the public institutions, who will deliver further training for staff, cascading the training through the institution. By this approach, it is expected that public officials at all levels of the institutional hierarchy commit to high ethical principles, that training activities reinforce the behaviours expected of employees on a daily basis and that employees can be reassured first hand of acceptable behaviours.

Values and norms

- In order to implement the code of ethics more efficiently, the **SAI of Serbia** decided to include descriptions of expected behaviours and guidance on solving ethical dilemmas in the code itself. They consider that in that way employees, particularly newly-hired employees, would be better acquainted with the situations they can find themselves in and with the specific requirements of ethical behaviour. Thus, the code should include provisions regarding resolution of examples of unacceptable behaviour.
- Since 2002, the **European Court of Auditors** has been organising training courses on ethical issues for its staff. These courses are compulsory for newcomers. Since March 2013, a series of half-day workshops are being organised to raise awareness of all staff (almost 1.000 people) on the new *Ethical Guidelines*. In its most recent form, the training addresses the following topics⁸:
 - *Our ethical framework*: applicable rules and principles, values, ECA’s ethical guidelines
 - *Ethical decision-making*: testing ethical reflexes, addressing and solving ethical dilemmas (a reference framework), analysing and solving real-life cases

The European Court of Auditors’ training courses and workshop are intended to promote an appropriate ethical behaviour and to stimulate ethical reasoning. Emphasis is put on the array of ethical situations that auditors and other staff may face (right-vs-wrong and right-vs-right situations), so that staff is able to recognise ethical dilemmas when they encounter them, and have at their disposal the necessary tools to analyse and solve them.

When the *Ethical Guidelines* were adopted in 2011, an additional document was prepared to describe a number of real-life situations that auditors can face and to provide concrete guidance on the correct course of action for each one (“*Examples of ethical*

Using the code as an instrument of practical and concrete guidance

Basic training describing values and norms as well as guidance on how to respect them in daily work

Practical guidance on concrete ethical dilemmas

⁸ Slides used are available in the TFA&E website

dilemmas that may be faced in our day-to-day work”). This document complements the ethical guidelines and provides further practical guidance. It is included in the annex to this paper.

- The **Centre for Business Ethics (CBE)**, a **Croatian** nongovernmental organisation, developed an **e-seminar on business ethics for civil servants**. It is conceived as an interactive online workshop, where an employee can participate in during working hours, which was released in advance and approved by the representatives of the institution. The seminar is divided into thematic units to which an employee may occasionally participate in, and the overall time frame is scheduled for three hours of learning. Each unit starts with an introduction, followed by an explanation of the basic concepts, a concrete example, and then ends by placing queries on how to resolve a moral dilemma associated with the topic. The thematic units include:
 - Introduction to business ethics
 - Understanding the theoretical foundations
 - Business ethics and culture (the influence of different cultural environments to codes of ethical business)
 - Ethics in business communication
 - The relation of an organisation outwards
 - The relation within an organisation (personal responsibility in professional work)
 - Analysis of the code of ethics (depending on the organisation in which the seminar is held)
 - Personal value system and checking personal behaviour⁹.

E-seminar on business ethics for civil servants

Fairness of treatment

Individuals are naturally attentive to justice of actions and decisions made by organisations every day. Perceiving them as fair or unfair influence their subsequent attitudes and behaviours at work. Participation, communication and justice climate will impact in trust, performance, commitment and ethical behaviour.

- In the **Netherlands Court of Audit** fairness of treatment was given a special attention in the code of conduct. The introduction to this code says: “*The code contains eight values to help you in your own considerations of **how to treat each other and people outside the organisation**. Acting with integrity is not just the **responsibility** of each individual employee, but also **of the organisation as a whole**. The organisation is responsible for providing us with a **safe working environment** in which we are protected as far as possible from integrity risks*”. Furthermore, the code includes directions on how employees can react to unfair situations. It clarifies that they can go to **confidential advisors on integrity** for support and advice in case

Responsibility of the SAI as an organisation to provide a safe and fair working environment

Confidential advisors on

⁹ More information about this seminar is available through the TFA&E website

of suspecting abuse or being victim of undesirable behaviour (including any form of discrimination, bullying, intimidation or ignoring).

The role of the confidential advisor will be to give emotional support, to **advise**, to **help** in finding a solution or taking further steps, to help to report a punishable act or file a formal complaint and to make sure that a report reaches the right people. The confidential advisor also has an **important warning role in the direction of management**.

All confidential advisors on integrity work on the basis of anonymity, independence and in strictest confidence¹⁰.

*integrity: support, advice
and warning role*

Gender equality

- In **Tribunal de Cuentas** (SAI of Spain), a special attention is given to **gender equality**.

The Court has adopted an **Equality Plan** and has already organised 3 **conferences** on the subject. The 1st conference (2011) analysed the applicable act of law for the effective equality between women and men, the 2nd conference (2012) examined the organisation and functions of the Spanish Court of Audit from the gender perspective and the 3rd one (2013) focused on quantitative and qualitative indicators in analysis of equality, as the foundations of the primary axes of the Equality Plan.

The Spanish Court has also taken other actions in this field, such as: preparing and including information on gender equality in its annual reports, including gender equality in the training programmes of the Court, implementing a specific section on the intranet, creating a specific e-mail address to channel communications, including the gender perspective in the audit activities as an audit objective and mentioning it in the technical guidelines approved for specific audits.



Relationships among colleagues

As previously mentioned, good relations among colleagues help promoting an ethical attitude towards work. When employees get along they are more likely to discuss ethical dilemmas and ask each other for advice.

There are many ways to enhance the relationship among colleagues. Teambuilding exercises and social activities are well-known instruments. Fairness of treatment as described above is also important. It prevents employees to become too concurrent and enhances mutual trust.

- In the **Netherlands Court of Audit**, a specific workshop is used to work out relations among people.

In this workshop participants are asked to tell each other about situations they have found themselves in at the workplace. These

*Workshop “Giving and
Receiving feedback”,
based on real life situations*

¹⁰ The Dutch SAI code of conduct is available in the TFA&E website

situations can be anything: from being irritated by a colleague who uses his smartphone during a meeting to dealing with an upset business-partner. The other participants listen to the stories, while asking questions about the situations and practicing on how to be understanding.

The next step is taken by an actor, who is instructed by the trainer. The actor plays out the situation just described with the participant that told the story. The audience is asked to watch and learn. The actor plays different roles, each time he or she plays out the situation. This way, the participant experiences how the situation differs each time the actor acts out a different way of behaviour in the same situation.

In the third step the audience is asked to give feedback in the proper manner and the participant is asked to respond to this feedback in the proper manner. This is practiced as long as is necessary and everyone understands how to give and receive feedback without feeling attacked or ashamed.

Because of the role playing participants become aware of their own behaviour and how that can influence other people's behaviour. Because the cases used are real life situations from the workplace of the participants, they can use everything they learned from the next day on. They can remind each other that they learned how to solve social problems together, if they find a colleague showing unwanted behaviour. Also, it creates some understanding.



6. Guiding ethics: how to address ethical dilemmas

As already mentioned and stressed by several SAIs, codes of ethics/conduct, guidelines and training are not able to cover all potential ethical situations and decisions and **sound judgement** is often expected from individuals.

The complexity of life sometimes offers, to auditors and other SAIs' professionals, situations when they have to make decisions where two or more solutions are possible and legal. Different courses of action are possible and decisions will have consequences to live with. This is called an **ethical dilemma** or a right-versus-right choice.

Ethical dilemmas

Other times, individuals face situations where they still have **doubts on the right course of action to take**. Even if they are not facing a true ethical dilemma, there may be a conflict with their own moral values or they may have doubts or difficulties about the interpretation of the rule or principle as applicable to the concrete case.



Whenever there are doubts, it is important to ask questions before taking a decision and prior to undertaking activities because that is the way to significantly increase business ethics and reduce the effects of unethical decisions. The emergence of a doubt that a decision which is intended to be made is not ethical and the awareness about the fact that the circumstances in which decisions are made and the consequences that may arise from that have not been properly evaluated and rated are the proof that there is an ethical dilemma that has to be resolved before the election and making a final decision.

All SAIs mention these types of situations and some of them report measures to help individuals in these cases. It is, in fact, an important area for SAIs to consider when establishing guidance measures.

Many SAIs address this field of worry in their codes of ethics or conduct, in their ethical guidelines or in additional guidance instruments. Many of them prepare their ethics training or raising awareness activities around concrete examples or cases of situations like these. Some provide their staff with advice and/or decision making models, so that they can face and solve these situations in the best possible way.

The TFA&E has identified several SAIs' good practice examples to deal with ethical dilemmas or similar situations. Descriptions of some are included in the annex to this paper.

- As several other SAIs, the **Netherlands Court of Audit** includes ethical dilemmas in their Code of Conduct¹¹.

The mentioned dilemmas are examples of situations that can be encountered in the daily work. It is recognised that **there is no single correct answer for most of those dilemmas**. The examples are primarily meant to set the individual thinking about integrity and what it means in practice. It is stated that if one comes across any integrity dilemmas in her/his work that they can't find an answer for in the code of conduct, they should discuss them with their colleagues or manager or – if they are not an option – with one of the office's confidential advisors on integrity. The code mentions that one can talk to the confidential advisors on integrity about any integrity-related questions. The confidential advisor can tell about integrity and how to operate in it. By acting as a sounding board, he can advise the individual on her/his own behaviour.

Dilemmas mentioned in the code of conduct

- The **European Court of Auditors** produced a document describing a number of real-life situations that auditors can face and providing concrete guidance on the correct course of action for each situation (“*Examples of ethical dilemmas that may be faced in our day-to-day work*”). This document complements the ethical guidelines and provides further practical guidance.

Guidance on ethical dilemmas

- In an article included in the annex to this paper, **Fabrice Mercade**, from the **European Court of Auditors**, describes how to identify a true ethical dilemma distinguishing it from situations where only one solution is right and presents a model for addressing ethical dilemmas. This model uses a four-step approach to guide the person faced with the dilemma in finding the most “right” solution among all the possible “right” ones.

Model for addressing ethical dilemmas

- In its e-seminar about *Business Ethics for Civil Servants*, the **Croatian Centre for Business Ethics** includes a description of possible criteria for moral decisions¹².

Criteria for moral decisions

¹¹ Available in the TFA&E website

¹² See TFA&E website

7. Assigning responsibilities for ethics management: the integrity actors

Ethics is a responsibility of all within the organisation, moreover the individual who, in his/her behaviour, makes the choices which are more consistent with the values and principles. Some actors, nevertheless, have specific important roles.

The most important actors are the line managers. By exhibiting exemplary behaviour and stimulating staff to behave ethically, managers can play a crucial role in shaping the organisation members' integrity (Brown and Treviño 2006). But, according to these authors, this role has proved to be insufficient.

The most important actors are the line managers

Having a place in the structure of the organisation for **integrity actors** may be as important as having a space in the organisational strategy for integrity management. These actors have integrity as their responsibility, have the **main task of stimulating integrity** and they are typically responsible for core integrity instruments such as codes of ethics, training in ethics or communication about integrity. The form this organisational measure adopts varies a lot. In some cases, they have a strategic or management role, in others they have advice responsibilities and we can also find investigation and control assignments. We can even find mixed solutions.

Integrity actors have the main task of stimulating integrity

The replies to the TFA&E survey reflected this variety of approaches. **SAIs adopt very different models and organisational measures.** Examples of integrity actors in SAIs and their possible responsibilities are:

Collegial units	Ethics Committees Ethics Commissions	Reporting on cases of conflicts of interests and violations of the code of ethics Investigating complaints against undue behaviour
Single person	Ethics Partners Contact person for ethics issues Secretary General Ethics Commissioner Ethics Director	Monitoring implementation of Code of Ethics Promoting ethical behaviour Ensuring adequacy of integrity policies and procedures Being responsible for communication Providing guidance Bringing ethical issues to the knowledge of senior management Being arbiter for ethical issues Ensuring compliance with ethical standards Coordinating and reviewing ethics oaths and declarations Receiving complaints Investigating cases Taking part in judgements Keeping records

Mixed	Ethics Committee& HR or financial department Ethics Commission& Compliance Officer Secretary General & Council of Presidency Integrity Coordinator&Sounding Board&Confidential Advisors President& specific Commission Top management& legal department& HR	Responsibilities divided between several actors for: Implementing the integrity policy Monitoring implementation Making recommendations on ethical matters Communicating the code Providing guidance Advising Controlling declarations of interests Investigating violations of ethical rules
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There are risks either in appointing these integrity actors or in not appointing them: if somebody is responsible for something, the other members of the organisation may think that they don't have that responsibility anymore, but, on the other hand, if everybody is responsible for something, maybe no one will be responsible in practice.

What seems important, and was a consensual conclusion by the participants in the TFA&E seminar, is that **responsibilities for ethics management should be clearly assigned** for several stages: strategy and policy, supervision, advice and control. The decision on responsibilities should be made already when setting the code.

It is important to clearly assign responsibilities for ethics management

This assignment, that can follow several possible models, should be made according to each specific context and level of awareness. When deciding on the arrangement on ethics responsibilities **the nature of the SAI and its environment must be considered**. There may be environments where a specific committee could be useful when it comes to emphasising ethics and creating maximum awareness.

As concerns the possible type of integrity actors, Jolanta Palidauskaite¹³ impressively says that codes backed by independent boards or commissions seem to be more successfully enforced, and those that are clearly embraced by top management and are embedded in an ethical organisational culture are more likely to win respect.

Another consensual conclusion of the TFA&E seminar was that staff of SAIs faces relevant integrity risks and strongly benefits from an established advising function. Considering the nature of the possible threats, it is often beneficial that the advice can be provided by persons or units different from their direct managers.

An open and debated question was the potential disadvantages of concentrating in the same unit the role of guiding and advising and the role of controlling and investigating misconduct. Even apart from legal issues, this arrangement may discourage individuals from seeking advice on doubtful situations.

¹³ Codes of conduct for public servants in eastern and central European countries: comparative perspective

The articles included in the annex to this paper describe some of the different practices identified in SAIs. In summary:

- The **Swedish NAO** decided that the Human Resources Department should be the primary administrator of the code of ethics, in cooperation with the Legal Department. Those responsibilities should aim at supporting the line organisation, which should be accountable for ethics as part of daily operations. Although considering an ethics committee as an option, this SAI considered that **the primary responsibility for the day-to-day ethical issues should stay with the line managers**. Given that line managers accept the fundamental premise that ethics is the cornerstone of all SAIs' operations, they considered that only exceptional circumstances would justify the removal of responsibilities for such fundamental issues from line managers to a separate body such as an ethics committee. That would reduce line managers' liability and increase the risk of their not paying full attention to ethics issues.

Responsibility of line managers

- Although In the **Netherlands Court of Audit** the integrity policy is clearly the responsibility of the top management, there is an **Integrity Coordinator**, who assists the management in formulating the integrity policy, coordinates the implementation of this policy and develops and maintains the integrity management system (organisational measures and organisational culture).

Integrity Coordinator

There are also several **Confidential Advisors on integrity** with the role of:

Confidential Advisors

- Advising employees about integrity dilemmas or any other integrity related questions or problems
- Helping them to report on abuses, punishable acts or undesirable behaviours
- Making sure reports reach the right people
- Warning the direction of management

They work on the basis of anonymity and independence and treat all the information in the strictest confidence.

The Integrity Coordinator regularly meets with the Confidential Advisors to check if the integrity policy is still relevant and enough/right soft controls are in place.

Both the position of Integrity Coordinator and Confidential Advisor are additional functions to the normal tasks in the office.

- As the result of a national public policy to enhance ethics, according to the respective code of ethics for civil servants, and like in all other public bodies of the country, there is an **Ethics Commissioner** in the **SAI of Croatia**. This commissioner concept was established for all public organisations with the purpose of increasing accountability of public servants in implementing ethics

Ethics Commissioner

principles as well as promoting ethical behaviour in relations among them and in their relations with citizens. The Commissioner also collects complaints from employees, auditees, citizens or anonymous persons and examines the merit of these complaints.

An **Ethics Committee**, appointed by the Government, monitors the whole system, gives opinion and proposes changes, ensures the replies to complaints and examines complaints involving Ethics Commissioners and Heads of institutions.

- Having considered the importance and amount of tasks needed to foster ethics and the complexity of the organisation, the **Romanian Court of Accounts** decided to establish an **Ethics Committee** under the authority of the Plenum, with the role of:
 - **Raising awareness** on ethics and integrity
 - Identifying the areas and provisions of the code of ethics where **improvements** are needed
 - Preventing the possible **breaches** to code of ethics, by providing advice and guidance
 - **Monitoring and controlling** the ethical conduct of auditors, including by identifying noncompliance situations.

This Committee deals with a lot of tasks, from advice to training, monitoring, evaluating, reporting, etc. It receives statements, reports, notifications, complaints and surveys and produces quarterly basis and annual reports, highlighting relevant issues to be considered. Its recent activity influenced the review of the code of ethics and included intense guidance and communication with auditors.

*Ethics Committee:
guidance and monitoring*

- The **Ethics Committee** nominated by the President of the **Federal Court of Accounts**, in **Brazil**, to implement and manage the code of ethics, is mainly a pedagogical and consulting body. It works on demand to examine issues addressed to it regarding conformity of employees' conduct with the principles and standards established by the code.

*Ethics Committee:
consultation role*

- An **Ethics Commission** was established in the **National Audit Office of Lithuania** by the respective Auditor General with three types of responsibilities: **advice**, **investigate** and **report**. The Commission, composed from staff representatives, gives advice to management and staff concerning ethical norms and declarations of interests and is informed about infringements and irregularities concerning institutional ethics for the purpose of considering, investigating and reporting on them.

*Ethics Commission:
advice, investigate and
report*

- In **Latvia**, the Council of the **State Audit Office (SAO)** appoints annually an **Ethics Commission** with representatives from different areas of the office (human resources, audit, legal department,

etc.). The objective of the Commission is to review complaints in respect of the actions of employees and advice the Auditor General. It also works as a preventive warning mechanism.

- The choice of the **Audit Board of the Republic of Indonesia (BPK)** was to have more than one unit to handle ethics and integrity. This decision was a part of the BFK's strategy to be more accountable, on one hand, and to send signals that misconduct is seriously taken, on the other.

- The **Board** makes regulations and implements them
- The **Secretary General** deals with employees' discipline
- An **Inspectorate** disseminates the code of ethics, conducts ethics training, provides a whistleblowing system and investigates any suspected misconduct
- An **Honorary Council**, with a majority of external members, conducts investigations on unethical behaviours and issues decisions on those cases

Several units to handle ethics' issues

- In **Turkey** there is a general **Council of Ethics for Public Service**, in which at least one member should be a retired member of the **Turkish Court of Accounts (TCA)**. This Council has the goal of developing ethical culture and ethical management in the country. Its main activities relate to:

- **Setting ethical rules**, namely by adopting the general code of ethics and by reviewing and approving the codes prepared by public entities
- **Establishing an ethical culture**, notably by issuing and updating ethics guidance, by preparing and delivering training programmes and by organising activities for an annual "ethics week"
- **Examining**, upon request, **alleged violations** of the code of ethics

The TCA has been working closely with this Council and has seconded auditors to it. This allows the professional knowledge and experience gained in the TCA to be reflected in the decisions and works of the Council. On the other hand, the TCA benefits from knowledge and experience of the seconded auditors in developing policies of the Court. The TCA plans to continue taking advantage of this synergy.

Intense cooperation between the SAI and the Council of Ethics for Public Service

8. Managing ethics: including integrity in human resources policies

Ensuring integrity in daily management is essential for creating a working environment that ensures transparency and reinforces integrity.

Openness of selection processes, by publishing recruitment rules and vacant positions, and taking ethical considerations into account when recruiting and assessing performance are considered as good practices for this effect¹⁴.

These practices were observed in many SAIs. Open selection is quite well spread. As for ethical considerations when recruiting staff and assessing performance of employees, some SAIs described their concrete experiences.

- The **SAI of Estonia** uses interviews to ask questions to candidates about their behaviours facing ethical dilemmas. This gives them a good insight into their attitudes.

This SAI also collects information about the candidate and her/his behaviour during the process of background check, which includes short phone interviews with the previous managers or colleagues of a candidate.

- In the **SAI of Czech Republic**, during interviews to candidates, a managing evaluator assesses hers/his competence and willingness to respect and share the fundamental values and goals of the SAI and the standards of conduct defined in the code of ethics.

Furthermore, the final stage of the recruitment procedure is carried out by a psychologist who evaluates the personal, intellectual and performance abilities of the candidate, including ethical values.

- In the **Supreme Audit Office of the Slovak Republic**, compliance with ethical obligations and their application at work is one of the four criteria of performance assessment of employees and is described in two levels: standard (good) and good with reservations.

- In the **NAOL (Lithuania)** voluntary exams on the code of ethics are conducted

Openness of selection processes

Considering ethics when recruiting

Including ethical criteria in performance appraisal

Voluntary exams

¹⁴ See *Building Public Trust: Ethics Measures in OECD Countries*, OECD, 2000

- The **Court of Audit of Spain** has a policy in place to reward merits of employees by granting honour mentions and decorations that can be linked to recognised ethical conduct. *Recognition*

9. Tools and measures to address typical ethical problems in SAIs

Other management measures usually adopted in public organisations to reinforce integrity relate to identification and reporting of conflicts of interests and disclosure of private interests.¹⁵

As regards SAIs, and considering the audit and decision functions they perform, the specific applicable values and principles, mainly independence and impartiality, and the common situations their professionals face, there are a number of typical ethical concerns that usually occur. According to the results of the TFA&E survey and to discussions in the TFA&E seminar, the main concerns of SAIs about ethical behaviour of their staff relate to the following areas:

Typical ethical concerns in SAIs

- **Conflicts of interests**
- **Gifts and hospitality**
- **Political neutrality**
- **Professional confidentiality**

As already mentioned, many SAIs have put in place codes, guidance and training to help their members and staff facing these situations. Additionally, it is clear that professionals must use their sound judgement and adequate decision making reasoning to find the right course of conduct for each situation. But, due to the importance of these issues to the credibility of the SAIs and of the work they produce, it is important that, at the same time, the SAIs adopt **measures, policies and other tools to prevent unethical conduct in these areas.**

Conflicts of interests in SAIs

Conflicts of interests

There are a number of threats and situations related to conflicting interests that can jeopardise the independence, impartiality and objectivity of the audit work:

- Previous or close relationships with the audittees, due to previous job, family links with audittee's management or employees, friendship or long-term familiarity
- Financial or assets' interests related with the audittee
- Activities outside the SAI, notably consultancy or training for audited bodies

These risks are enhanced and more difficult to control in small sized SAIs

Regulations, codes, guidance, training and communication practices of

¹⁵ See *Building Public Trust: Ethics Measures in OECD Countries*, OECD, 2000

SAIs should all include approaches to these threats.

But both ISSAI requirements and SAIs' practices show that additional management and control measures should be used, such as:

- Making regular reminders on the risks involved
- Having self-assessment control tools (v.g. checklists for managers and auditors)
- Asking for consideration or declaration about absence of conflicts of interests on a regular basis, before initiating audits or other tasks and eventually also during those assignments
- Asking for regular disclosure of public and private interests and property
- Monitor those declarations and disclosures
- Using members and staff rotation policies
- Using collegiality in work and decisions
- Prohibiting or closely controlling all external work

*Measures to control risks
of conflicts of interests*

- The **SAI of Iceland** has recently implemented the use of written *declarations of independence and impartiality*. The declarations apply to every audit work performed and become a part of the audit's working papers. In the declarations individual auditors both state the absence of any direct or indirect conflicts of interest with regard to the executive and the audited entity and promise to report to the Office if their independence is compromised.

*Written declarations of
independence and
impartiality*

- In the **Romanian Court of Accounts**, besides *independence statements* that auditors have to fill in when they are assigned to audit missions, auditors are also requested to present, each year and whenever changes occur, *interest and wealth statements*. These statements cover income, share holds, assets, debts, membership in organisations and associations, political management posts, contracts with public funded bodies and gifts and benefits received.

*Interest and wealth
statements*

- In the **NAOL (Lithuania)**, four types of declarations are requested to applicants and officers: private interests declaration, irreproachable repute compliance declaration, obligation to follow the code of ethics and impartiality and independence declaration, reviewed by a Compliance Officer.

Compliance declarations

- In the **US GAO**, both statements of independence and financial disclosure reports are used. These statements and reports are reviewed by management. The reviewer must satisfy him/herself that each form is complete and that no interest disclosed on the form presents a conflict of interest, apparent conflict of interest or impairment to independence. The four major areas reviewers pay particular attention to are (1) **financial investments**; (2) **outside activities**, either paid or voluntary; (3) **spousal employment**; and

*Review of statements and
disclosure reports*

- (4) **reimbursement of expenses** for conferences, association meetings, and similar events.

Gifts and hospitality

Independence, impartiality, objectivity and integrity can also be affected by:

- Receiving gifts from auditees or suppliers
- Accepting meals during audit assignments or related to them
- Receiving free travel, accommodation or entertainment

In this matter, practices vary:

- Some SAIs completely forbid staff from receiving any gifts or other benefits
- Many have specific provisions and guidance related to this issue, either included in the law or established in the codes of ethics
- Several consider that staff shall not accept inappropriate/inadequate/audit related gifts, which may involve guidance or discretion in defining these concepts
- A few maintain gifts and hospitality registers

Gifts and hospitality policies in SAIs

Different practices

Examples

- In the **SAI of Latvia**: *“it is stipulated that employees shall not accept gifts, material benefits, services from persons which might influence the fulfilment of their job responsibilities; in case of acceptance of a gift there is a procedure stipulated that any person shall be entitled to make a complaint on an employee of the SAO to his/her immediate superior or the head of structural unit or the Auditor General”*
- In the **SAI of Malta**: *“employees should protect their integrity and prevent the appearance of a conflict of interest by refusing the offer of gifts, gratuities and benefits, such as free travel, hospitality, accommodation or entertainment”, “conventional hospitality such as occasional invitations to working lunches and isolated or inexpensive gifts (such as calendars or diaries), or token gifts arising from international meetings held in Malta or abroad, may be accepted”, “offers of sizeable gifts should not be accepted”, gifts that are clearly intended for the Office, rather than the employee, should be forwarded to the Office and considered as part of its inventory”.*
- In the **UK NAO**: *“Staff is permitted to accept hospitality which is provided in the normal course of business and could reasonably be reciprocated by the NAO. This includes working lunches or dinners, providing these cover a business agenda. The standard of hospitality should be no more than that which might reasonably be*

offered by the NAO in return. All working lunches or dinners provided off client premises must be recorded on the gifts and hospitality register”

Political neutrality

Political neutrality

Independence from political influence is key to the needed **actual and perceived** political neutrality of the SAI and the consequent credibility of its audit work. ISSAI 30 clearly states that If auditors are permitted to participate in political activities they have to be aware that these activities may lead to professional conflicts.

Political activities are often forbidden to SAI’s members but not so often to audit staff, as described in the article presented by the **SAI of Serbia**. This issue seems to be insufficiently dealt with in the regulations of some SAIs. Constitutional guarantees about freedom of speech, civic capacity and exercising political rights are sometimes imposing legal constraints to restrictions in this field, which is left for principle guided individual behaviour.

Anyway, there is a common perception that acting in political parties, elections and public pronouncements harm the political neutrality of the SAI.

Professional confidentiality

Professional Confidentiality

In some cases, SAIs request that professionals sign or swear confidentiality declarations and ISSAI 30 does state that auditors should not disclose information obtained in the auditing process to third parties except for the purposes of SAI’s statutory reporting.

But in an increasing number of cases SAIs and auditors are also subject to transparency acts and obligations specifically applicable to public administration and public bodies. Many countries have now introduced specific arrangements to protect whistle-blowers, which may apply to the staff of a SAI.

The delicate balance between professional confidentiality and transparency (eventually included in legally binding rules) is an increasing challenge that asks for specific guidance from SAIs to their employees and auditors, clarifying the cases and terms to solve these conflicting values.

Other ethical issues

Other ethical issues

Other identified situations are common to those that occur in other non-audit public organisations, such as:

- Use of the SAI's property
- Harassment/ Bullying
- Expense claims

● In the **SAI of Hungary**, there are detailed rules and policies for the management of the SAO's assets

● In the **European Court of Auditors**, the harassment policy includes regular information and awareness raising, contact persons appointed as "listeners" for harassment cases and a dedicated intranet page.

● In the **Court of Audit of Spain** a specific procedure to receive and handle harassment complaints is also in place.

10. Controlling ethics: evaluation

Sound ethics management not only sets standards of behaviour but also **monitors** compliance with these standards.¹⁶

Self-assessments, internal control reviews and **external scrutiny** can be carried out annually or when the need arises and can be used either as monitoring tools, to recommend measures for improving ethics management and/or to ensure accountability.

As previously remarked, these instruments are not widely developed or used in SAIs, although some tools are already available for that, notably **IntoSAINT**, **iCATs**, the **SAI PMF** and **peer reviews**, which include assessments of ethics management.

The TFA&E identified the following interesting experiences in evaluating ethics management.

- **IntoSAINT is one of the assessment tools** that some SAIs reported as having utilised. Designed as a self-assessment instrument, it has been mainly used as tool to raise awareness on ethics and ethical issues, rendering the Institution more able in terms of its self-evaluation, and as a basis for improvement strategies.

IntoSAINT

As mentioned above, IntoSAINT experience has so far shown that structured integrity risk assessment is not common within SA, that the need for an integrity policy framework is among the most mentioned recommendations, that risks related to the independence of SAIs are an important concern and that recommendations concerning 'soft controls' stress the importance of fairness, clarity, communication and leadership.

- The **SAI of the former Yugoslav Republic of Macedonia and of the Republic of Indonesia** described their assessment experiences with IntoSAINT and their main results: need to develop an integrity policy, assign integrity responsibilities, intensify ethics training, establish a whistle blowers procedure and establish or improve the integrity control and review system.
- The internal audit unit of the **National Audit Office of Bulgaria** has conducted an **internal evaluation of the ethical climate** in the organisation, according to the **IPPF standards for internal auditors**. The study outlined scope for improvement in the areas of regular awareness raising, periodic awareness declarations, ethics training, wrongdoing reporting mechanisms, sanction procedures and regular monitoring.

Internal evaluation of the ethical climate

¹⁶ See *Building Public Trust: Ethics Measures in OECD Countries*, OECD, 2000

- The internal audit department of the **SAI of the Czech Republic**, following a risk analysis, conducted an **internal audit focused on screening the system preventing fraudulent or corrupt behaviour, including handling of complaints**. The audit concluded that the system worked well but improvements could be implemented, namely concerning the strengthening of ethics training, the implementation of a whistleblowing tool, the prevention and detection of fraudulent and corrupt behaviour and the system of handling external complaints.

Implementing organisational integrity strategies, intensifying awareness raising and training initiatives and introducing mechanisms to identify and sanction unethical behaviour seem to be recurrent recommendations of these evaluation experiences.

Internal audit on the prevention of unethical behaviour

Need to strengthen:

- *Organisational integrity policies*
- *Awareness raising and training*
- *Mechanisms to identify and sanction unethical behaviour*

11. Controlling ethics: identifying unethical behaviour

In spite of recognising that attention should be focused in prevention of misconduct, reducing the need for enforcement, **making sure that action is taken against wrongdoing**, when it occurs, is still very important. It is the last element of an integrity framework and one of the elements of an ethical leadership¹⁷.

Having identified breach of standards, countries, public organisations and SAIs certainly have a general framework for **disciplinary procedures** allowing the imposition of timely and just sanctions while guaranteeing a fair process for the employee. This is a matter of investigation, discipline and jurisdiction.

But, for this system to work, the disciplinary measures have to be initiated following decisions of public managers and mechanisms that **signal the wrongdoing situations**. Organisations and managers have their own management and control systems and procedures, which sometimes allow misconduct to be identified and communication through the line management or ethics units or responsible persons is always preferred.

Procedures to report wrongdoing

Nevertheless, clear and known procedures that **facilitate the reporting of wrongdoing and provide protection to whistle-blowers** assist the detection of individual cases of misconduct and are internationally recommended. As just mentioned in the former chapter, they are also identified as a weakness in some SAIs and were recognised by the participants in the TFA&E seminar as an area to be further explored. In any case, there are practices in this field, since half of the SAIs replying to the TFA&E mentioned having these policies.

This paper includes a description of some examples, namely:

- The **UK NAO** whistle blowing policy
- The **UK NAO** client feedback questionnaires and surveys
- The hotline system of the **Board of Audit and Inspection of Korea**

We should also add that descriptions about the Confidential Advisors in the Netherlands and about Ethics Commissioners, Committees and Commissions in several other SAIs, also include some **mechanisms to confidentially or anonymously report or facilitate reporting of misconduct**. That is the case, for instance, of the **SAI of Latvia**, mentioning that an essential element of the ethics management in their office is the *accessibility* of the Ethics Commission. Meaning that a complaint can be submitted to the Commission by an employee of

¹⁷ See *Building Public Trust: Ethics Measures in OECD Countries*, OECD, 2000

the SAI, by a representative of the auditee, by a representative of any authority or by any person whose interests have been directly infringed by the actions of the SAI's employee. All the regulations in this regard are publically available on the SAI's webpage.

On the other hand, in those SAIs that established Ethics Commissioners, Committees or Commissions it is common that the **investigation of these wrongdoing identified cases** is conducted by these units following fair procedures. In the Indonesian case, the Ethics Council is even competent to judge those cases. In any case, investigation and sanction are usually sufficiently covered by the administrative discipline procedures.

What is important from the integrity framework perspective is that **wider lessons are drawn from the misconduct identified cases, so that the system is improved in order to prevent them.**

