1. Why Ethics’ Management is Important for Supreme Audit Institutions

As independent external auditors of public finances, Supreme Audit Institutions (SAI) must be looked upon, by everyone, with a sense of trust, confidence and credibility.

As stated in ISSAI 1 (the Lima Declaration) and ISSAI 30 (INTOSAI Code of Ethics), reliability is deeply grounded on the independence, impartiality and moral integrity of SAI’s members and auditors, who should act according to a clear code of values and principles.

The INTOSAI Code of Ethics describes the core values of public auditing. This Code is classified as ISSAI 30 in level 2 of the ISSAI framework, which means that, although targeted at individuals working for, or on behalf of a SAI, it also defines prerequisites for its functioning as an institution.

In other words, the SAI must ensure that the described ethical and deontological principles are respected and complied, in order for the organisation to fulfil the true role of a SAI and to be recognised as such.
2. Scientific model of enhancing ethical behaviour

In 2010 the Netherlands Court of audit conducted an employee perception survey, InternetSpiegel. It is a validated instrument, based on work by the American researchers Trevino and Weaver on ethical performance of organisations. 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 behavior. Soft controls are aimed at awareness and the moral competence of employees.

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.
Organizational policy on integrity

Integrity relates to ethics and culture. 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 behavior 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 a managerial approach that is focused on facilitating good behavior 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 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.

Source: The FCPA Blog

Values and norms

Setting values and norms is an important instrument for strengthening the integrity of an organization. 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 aren’t necessary intending to circumvene 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 good for an optimally 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.

Source:
3. Raising Awareness on ethical issues

Ethical requirements and obligations of SAI’s members and staff need to be well known by those who are to respect them and should also be made public (see principle 4 of ISSAI 20).

In the second part of this paper we describe the instruments and good practices that can be used by a SAI to raise awareness on ethical issues en thereby enhancing ethical behaviour. The instruments and practices are clustered into the hard and soft controls that have shown to contribute to following rules and moral conscious behaviour.

Training

Training about ethics makes SAI 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 SAI have interest or experience in ethics-related training and strongly recommend it. More information about ethics training in the Annexes (1).

real-life situations

Besides traditional training sessions, key in raising awareness about ethical issues are also discussions based on real-life situations. Furthermore, experiences shared through meetings provide practical guidelines on expected behaviours and decision-making processes involved in this respect, thereby aiding the development of awareness of up to date ethical practices and facilitating the on-time recognition of problems. Such opportunities create an open atmosphere, where employees communicate and are willing to learn from one other.
4. Good practices: Organizational policy on integrity

Training sessions about the integrity plan (Portugal)

One of the tools/methods for implementation of Organizational Policy on Integrity in Tribunal de Contas (Portugal) is regular training sessions about Integrity concept, values and practice as part of the Integrity Plan and its implementation. The current training programme implemented in the Tribunal de Contas is on the theme Ethics and deontology in the Court of Auditors. The main objective of the programme aims to:

- Explain to auditors the main concepts of their profession ethical principles and expected behaviors;
- Building an ethical infrastructure in Supreme Audit Institutions, by using the OECD example adapted to the SAI mandate and
- Brainstorm with the audience about ethical dilemmas and its best solutions.

The target audience of this programme are:

- Newly recruited auditors;
- Auditors and other staff that supports and aids audit tasks and the staff that works in maintenance tasks is also welcome.

Training sessions on Ethics and deontology in the Court of Auditors covers these topics:

- Definition and distinction of concepts: Ethics, Moral, deontology;
- Public Ethics: The relevance of values;
- Particularities of the auditor ethics: INTOSAI standards; Audit Manual of the Court of Auditors of Portugal;
- A brief international benchmark (How SAIs deal with ethical and deontological dimension);
- Embedding ethical values in good governance;

These training sessions last 15 hours divided by 3 hours per five morning sessions. The training include a lot of exercises which give the practical use of these training sessions because they are very challenging but they also required a sound base of knowledge about the ethics and deontology values included in the Audit Manual of Tribunal de Contas of Portugal and overview of the ethical infrastructure recommended by the OECD.

Hand-out documents on ethical guidelines and regulations (ECA)

To achieve its mission, the Court should be and also be perceived as an objective, independent and professional institution in which its stakeholders can have full confidence. To this end, the Court has adopted the requirements established by the INTOSAI Code of Ethics (ISSAI 30) and is now issuing a set of Ethical Guidelines.

The Ethical Guidelines are intended to help us ensure that our daily decisions, both in auditing and in running the institution, comply with the principles laid down by the INTOSAI Code. They are based on our values: independence, integrity, impartiality, professionalism, adding value, excellence and efficiency. They apply to all Court personnel: Members’, managers, auditors and staff in administrative
functions. Lastly, they embrace the relevant provisions contained in the Treaty and in the Staff Regulations as well as the principles of good administrative conduct. Failure to respect ethical principles may constitute dereliction of duty and result in the opening of disciplinary procedures.

This document sets out guiding principles. Nevertheless, it is our own individual responsibility to choose the solution best suited to each specific ethical challenge: since there is not always a set reply for each question, you 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.

You can find the hand-out document of the European Court of Audit in the annexes (2).

**Self-assessment tool INTOSAINT (Netherlands)**

IntoSAINT is one of the assessment tools that some SAI reported as having utilised. In general, these SAI considered it as a good tool to raise awareness on ethics and ethical issues, rendering the Institution more able in terms of its self-evaluation.

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 SAI. This particular version of SAINT is available for members of INTOSAI and is termed ‘IntoSAINT’.

IntoSAINT is a self-assessment tool enabling SAI to assess their vulnerability and resilience to integrity violations and to yield recommendations on how to improve integrity management. The self-assessment is conducted in a one-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 organisation.

IntoSAINT experience has so far shown that:

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

More information about INTOSAINT you can find in the annexes (3).

5. Good practices: Tone at the top

Training for management on issues of ethical conduct: leading by example (Portugal)

Background: the unwanted effects of public management theories centered purely in outcomes.

1. The new management models that value the ethical dimension of organisations and people. (Approximately half an hour)
2. A general overview about the ethical infrastructure recommended by the OECD.
3. Going deeper in each of the elements of the ethical infrastructure: Guidance, management and control, always with practical examples and debate. (about 1 hour and a half)

Exercise: Each trainee is asked to answer, just for their own eyes, a checklist of ethical self-assessment. Then, the trainer initiates a debate on the checklist that includes obvious and less obvious situations, and takes conclusions.

4. Presentation of a list of ethical dilemmas and expected behaviors to deal with them, in the framework of some of the values already explained. Facilitating the debate among trainees about the ethical dilemmas and encouraging them to expose their own audit experiences in this matter. (about 1 hour and a half)
Exercise: ask for written answers to each trainee on 4 or 5 cases related to ethic conduct within the organization and in audit field. (About 1 hour)

Other ways for management to improve and ensure the tone at the top (EUROSAI Taskforce on Audit & Ethics)

- Self-reflection: identify and discuss daily life experiences
- Discuss examples on unethical behaviour from the media
- Develop a manager-specific behavioural code

6. Good practices: Values and norms

Values and Norms of Ethical Conduct in the Serbian Public Sector (Serbia)

The core values that guide the State Audit Institution and its staff are as follows: integrity, independence, objectivity, professionalism, professional secrecy, fair conduct, continuous professional development and open communication. The independence, competences and responsibilities of the state auditor place high ethical demands on the State Audit Institution and its employees. Our Code of Ethics for state auditors and other employees in the State Audit Institution considers the ethical requirements in general and the particular values and principles which should guide the daily work of auditors. The conduct of auditors should be beyond reproach at all times and in all circumstances. Any deficiency in their professional conduct or any improper conduct in their personal life places the integrity of auditors, the supreme audit institution that they represent, and the quality and validity of their audit work in an unfavourable light, and may raise doubts about the reliability and competence of the supreme audit institution itself. Therefore, it is of the utmost importance that the state auditors promote the trust, confidence and credibility by applying the ethical requirements of the concepts embodied in the key words, such as integrity, independence and objectivity, confidentiality and competence.

In order to implement the Code of Ethics more efficiently, we intend to include descriptions of expected behaviours and implementations of ethical dilemmas in the Code. In that way, we would acquaint the employees, particularly newly-hired employees, with the situations they can find themselves in, and with the specific requirements of ethical behaviour. The Code should include provisions regarding resolution of examples of unacceptable behaviour. For more information, see the annexes (4).

A basic training that describes the values and norms (ECA)

Since 2002, ECA has been organising training courses for its staff on ethical issues. These courses are compulsory for newcomers. In its most recent form, the compulsory course for newcomers addresses the following topics:
Our ethical framework:
  o Applicable rules and principles
  o What are our values?
  o ECA's Ethical Guidelines

Ethical decision-making:
  o Test your ethical reflexes
  o How to address and solve ethical dilemmas - a reference framework
  o Analyse and solve real life cases

Auditing the effectiveness of an ethical framework:
  o In October 2011, ECA has adopted Ethical Guidelines to provide practical guidance to staff on ethics. 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 within the broader ethical framework of the Court. (Please see Ethical Guidelines and the slides used at the workshops in the annexes (5).
  o Since the beginning, ECA's training courses and workshop are intended not only to promote an appropriate ethical behaviour, but to stimulate ethical reasoning as well. For this purpose, they put emphasis on the array of ethical situations auditors and other staff may face (right-vs-wrong and right-vs-right situations), so that staff are able to recognise ethical dilemmas when they encounter them, and have at their disposal the necessary tools to analyse and solve them.
  o Moreover, when the ethical guidelines were adopted in 2011, a number of real-life situations auditors can face accompanied them, to provide further practical guidance. Please see the Annexes (6).

E-seminar on Business ethics for civil servants (Republic of Croatia)

E-seminar on Business Ethics for civil servants is designed with the aim to improve the quality of work by learning and consideration on the fundamental business ethics concepts as part of lifelong learning in the workplace. 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.

Thematic units:
1. Introduction to business ethics (ethics in business, the risk of unethical business).
2. Understanding the theoretical foundations (utilitarianism, eudaimonia, deontology, ethics of love, the golden rule, virtue ethics).
3. Business Ethics and Culture (the influence of different cultural environments to codes of ethical business).
4. Ethics in business communication (the difference between etiquette and moral, decent and honest communication ....).
5. The relation of an organization outwards (end users rights, the relationship with collaborating organizations, aspects of marketing).
6. The relation within an organization (personal responsibility in professional work).
7. Analysis of the code of ethics (depending on the organization in which the seminar is held).
8. Personal value system and checking personal behaviour.

See annexes (7) for more information on this seminar.

7. Good practices: Fairness of treatment

Code of conduct: behavioral code with ethical dilemmas (Netherlands)

Our mission states clearly that: ‘The Netherlands Court of Audit aims to audit and improve the (...) integrity of the State and associated bodies’. If we want to do this properly, our own integrity must be beyond reproach. We want to be an example to those around us, particularly regarding our unique statutory position and remit. This requires a particularly high standard of care and transparency in all our actions and dealings.

This code of conduct is an important instrument for strengthening our integrity. 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.

The dilemmas in this code of conduct are examples of situations you might encounter in your daily work. There is no single correct answer for most of these dilemmas. The examples are primarily meant to set you thinking about integrity and what this means in practice. If you come across any integrity dilemmas in your work that you can’t find an answer for in the code of conduct, you should discuss them with your colleagues or manager or – if they are not an option – with one of the confidential advisors on integrity. You can talk to the confidential advisors on integrity about any integrity-related questions. The confidential advisor can tell you about integrity and how to operate in it. By acting as a sounding board, he can advise you on your own behaviour.

Have you seen or do you suspect an abuse, such as theft or the passing on of confidential information, which you do not want to report directly to your manager? Then you can ask one of the confidential advisors on integrity for advice. The confidential advisor helps you take further steps or makes sure that the report reaches the right people. A confidential advisor also has an important warning role in the direction of management. All confidential advisors on integrity work on the basis of anonymity and in confidence.

If you are a victim of undesirable behaviour, you can go to the confidential advisor on undesirable behaviour for (emotional) support. Undesirable behaviour includes any form of discrimination or any other undesirable behaviour such as bullying, intimidation or ignoring. The confidential advisor can
advise you and help you find a solution. This will always take place in consultation with you. The confidential advisor can also help you to report a punishable act or to file a formal complaint to the complaints committee for undesirable behaviour. All confidential advisors are independent and treat all information in strictest confidence.

To read this Code of conduct please see the annexes (8).

Course on gender equity (Spain)

Summary of the Third Conference on Equality in the Spanish Court of Audit. 21 June 2013

The past 21 June 2013 took place, in the courtroom of the Spanish Court of Audit, the conference organised by that institution on quantitative and qualitative indicators in analysis of equality, as they are the foundations of the primary axes of the Equality Plan of the institution. This one was the Third Conference on gender equality held by the Court of Audit.

The First Conference took place from 21 to 25 March 2011, and it was dedicated to the analysis of the Act 3/2007 of 22 March, for the Effective Equality between Women and Men. The Second Conference was held on 8 and 9 March 2012, coinciding with the International Women's Day, and in it were examined the organisation and functions of the Spanish Court of Audit from the gender perspective. The contribution of the participants in this forum was the presentation of clear information, on the most relevant actions that have taken place in recent years in the performance of the Court of Audit on gender equality.

These facts can be systematized in the following sections:

1. Mainstreaming of gender perspective in the audit function of Spanish Court of Audit.
   This important development has been achieved mainly through two ways:
   • The recognition of this audit objective in the annual audit programs since 2009.
   • The express reference to this objective in the technical guidelines adopted from January 2009 onwards for specific audits.
2. Activities aimed at the development and adoption of an Equality Plan at the Spanish Court of Audit.
3. Incorporation of information on gender equality to the Report on the Proceedings of the Court of Audit. This initiative was included for the first time in the Report for financial year 2010 and it has not only been maintained in later reports but it has been refined by integrating increasingly comprehensive and relevant information.
4. Training and dissemination activity in gender equality. In this regard we can highlight, on the one hand, the inclusion of these issues in the training programs of the Court and, and on the other hand, the inclusion of a specialized section on the intranet of the Court, with a significant documents database and the creation of an email address to channel communications.

You can find more information in the annexes (9).

Resolving ethical dilemmas in business (Republic of Croatia)

Practice shows that the views of businessmen, in the application of ethical principles, are different. Some attach great importance to the application of ethical principles in their daily work, and to other is a race for profits in the first place, not taking into account the ways and methods which will help them
accomplish that goal. However, it is a common occurrence that individuals are not sure whether they acted in the right way meaning whether they made the right decision. Sometimes they are in a position to have to do something that is in conflict with their own moral values, and sometimes they are in doubt about the decision that has to be made (which one to choose - between two "good" things).

The two most common dilemmas that arise in business are related to the question of whether the decision is ethical and whether some of the activities, events or phenomena in the business environment are properly evaluated. The very need for checking business decisions that were made or the verification of actions which were taken is very important because that is a good sign that a sense of moral values is not lost and that a lot of things can change for the good. But even more important is to ask these questions before making a business decision and prior to undertaking certain activities, because that is the way to significantly increase business ethics and reduce the effects of unethical decisions.

When an individual makes decisions that only affect his or her life or the life of his or her family, the possible consequences, because of the wrong decisions, are lower than the possible consequences which can happen while making decisions that have an impact on the wider community. 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.

Read more about the methodology in the annexes (10).

8. Good practices: Relationships among colleagues

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.

Workshop giving and receiving feedback, based on real life situations (Netherlands)

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

1. EthicsTrainingforPublic Officials_11Feb2013.pdf

2. 13-03-04-ethical-guidelines-for-eca.pdf

3. INTOSAINT.docx

4. Values and Norms of Ethical Conduct ENG.docx

5. 13-06-17-Ethics-Workshop.ppt

6. Examples-Ethics-EN.pdf
7. E-seminar on Business Ethics.docx

8. AR Gedragscode Engels (zoals naar co)

9. Summary of the Third Conference on

10. E-seminar on Business Ethics.docx