

# **EUROSAI Seminar on Auditing Ethics**

held at the European Court of Auditors, Luxembourg, 17-18 September 2013

This document provides a general overview of the seminar and a summary of the evaluation by the participants.

## **1. Background of the seminar**

The seminar was organised as one of the key activities of the EUROSAI Task Force on Audit and Ethics (TFAE). The agenda was prepared by the European Court of Auditors (ECA), with due account given to the views expressed by the members of the TFAE and the results of the TFAE survey conducted among the members of EUROSAI.

The seminar was attended by 52 participants representing 28 supreme audit institutions (SAIs), including representatives of ASOSAI and OLACEFS who attended on the basis of established cooperation between EUROSAI and the respective regional organisations. Two guest speakers attended the seminar, one of which to provide a stakeholder perspective to auditing ethics-related issues.

## **2. Objectives, design and description of the training event**

The seminar was mainly targeted at auditors, audit leaders and audit managers involved, or likely to be involved, in auditing ethics-related matters.

Auditing ethical frameworks and other ethics-related issues is considered rather new from the auditors' and their stakeholders' perspective. In view of this, the following four objectives were chosen for the seminar:

- a. raise awareness of auditing ethics-related issues and how to include them in audit tasks;
- b. explore aspects of methodology and audit preparation that could be used in the future (eg. mandate, areas to be covered, audit criteria and questions);
- c. share/exchange views on existing experiences of SAIs auditing ethics-related issues; and
- d. learn and draw lessons from these experiences.

To better achieve these goals, the seminar was organised as a combination of general plenary sessions and numerous breakout sessions. To better explore the topic, an innovative approach was chosen for most of the breakout sessions, including a series of self-regulated discussions in smaller groups of participants. The annotated agenda of the seminar is attached to this report.

## **3. Financing – EUROSAI contribution**

The financing of the seminar was ensured entirely by the ECA. No EUROSAI contribution was requested.

## 4. Evaluation of the seminar

### General summary

82 % of the participants (43) replied to the evaluation questionnaire which was distributed to them at the end of the training event. All participants indicated that the objectives of the seminar were made clear to them and that the programme of the seminar was adequate to meet the objectives. Participants also gave an overall positive reply when assessing the achievement of the four objectives, which ranged from 97 % to 100 %. Furthermore, each of the seminar blocks received a positive rating of over 95 % (up to 100 %) concerning their relevance for application in the auditors' work.

In general, the introduction of interactive and discussion-driven breakout sessions was very well received by participants and contributed to exploring the challenges of auditing ethics-related matters, although the necessary logistic and design arrangements were demanding for the organisers and the participants.

The discussions on tools and methods to assess risks were perceived as most useful and a number of participants suggested that an additional seminar be dedicated to the tools themselves (such as the AINT presented by the SAI of the Netherlands). Discussions on criteria, choice of audit topics, audit preparation and exchange of experience and best practice were among the most favoured. A positive outcome is a statement from some auditors that they can now imagine that it is possible to "audit ethics".

Participants also suggested that future actions and events be dedicated to the identification of criteria and establishing guidelines/manuals to prepare and conduct ethics-related audits.

### Overview of replies by question

#### GENERAL QUESTIONNAIRE : QUESTIONS FOR THE PARTICIPANTS

##### 1. Were the objectives of the seminar made clear to you?

(1 – not at all, 5 – completely)

No reply	1	2	3	4	5
0	0	0	0	11	32

##### 2. Do you think that a different person from your SAI should have attended this seminar?

(1 - not at all, 5 completely)

No reply	1	2	3	4	5
0	21	7	6	5	4

One respondent was of the opinion that a senior manager from his/her SAI should have attended.

##### 3. Was the programme of the seminar adequate to meet the above objectives?

(1 - not at all, 5 completely)

No reply	1	2	3	4	5
0	0	0	4	23	16

**4. How well do you think objectives were achieved?**

(1 - not at all, 5 - completely)

**Objective: Raise awareness of auditing ethics-related issues and how to include them in audit tasks**

No reply	1	2	3	4	5
0	0	0	3	16	24

**Objective: Explore aspects of methodology and audit preparation that could be used in the future**

No reply	1	2	3	4	5
0	0	0	5	23	15

**Objective: Share/exchange views on existing experiences of SAIs auditing ethics-related issues**

No reply	1	2	3	4	5
3	0	1	1	15	23

**Objective: Learn and draw lessons from these experiences**

No reply	1	2	3	4	5
1	0	0	4	15	23

**5. Was the content of the blocks relevant for application in your job?**

(1 - not at all, 5 - extremely)

**Introduction into (auditing) ethics-related matters and integrity (block II)**

No reply	1	2	3	4	5
0	0	0	4	20	19

**The challenge of auditing ethics-related matters (block III)**

No reply	1	2	3	4	5
0	0	0	3	20	20

**Tools and methods to assess risks (block IV)**

No reply	1	2	3	4	5
0	0	2	7	19	15

**6. Please indicate which blocks were:**

**More relevant for application in your jobs**

No reply	Introduction into auditing ethics (block II)	The challenge of auditing ethics-related issues (block III)	Tools and methods to assess risks (block IV)
10	12	13	20

The block on exploring tools and methods, or its components, were considered most relevant to the work of participants.

**Less relevant for application in your job**

No reply	Welcome block (block I)	Introduction into auditing ethics (block II)	The challenge of auditing ethics-related issues (block III)	Tools and methods to assess risks (block IV)
26	2	2	3	8

Of those who chose to reply, those mentioning the block on tools and methods sometimes indicated that this was due to the lack of mandate of their SAI or that the topic would become relevant in the future.

**7. How useful do you find the presentations and other materials received?**

(1 - not at all, 5 - extremely)

No reply	1	2	3	4	5
0	0	0	4	26	13

**8. Please list at least two new things that you have learnt at this seminar that you could benefit from in your work:**

The most frequently mentioned matter (24x) was being introduced to the tools to assess risks, vulnerabilities and integrity (of which 11 mentioned AINT as a specific tool). Many welcomed the possibility of learning more about the best practices and experiences of the SAIs presenting their audits (2 specific mentions of ECA and one of Croatia), audit criteria, audit preparation and choice of audit topics. Some mentioned with satisfaction that they learnt that ethics-related matters are actually auditable.

Other specific matters mentioned by the participants include:

- information about ethical leadership and the ethical life cycle;
- the usefulness of having an explicit, clear mandate;
- the necessity to choose sufficiently specific topics;
- that it is easier to focus on “hard” ethics, which can be adequately monitored;
- that ethics-related audits do not seem to be extremely labour-intensive;
- the importance of communication of results with auditees and stakeholders;
- consideration of interviewing citizens when performing ethics-related audits; and
- the (interactive) methods used in the seminar.

**9. Do you think that you will be using the knowledge and skills acquired in this seminar?**

Among the most frequently mentioned issues were that participants will consider integrity/ethical framework/aspects of ethics as an audit topic in the future and that the knowledge acquired in the seminar would be shared within their home institutions. Information on how to assess and measure risks would be used (either considering the Dutch or the Hungarian model).

Other specific matters included:

- establishing internal structures and mechanisms intended at addressing ethical issues;
- integrity self-assessment;
- audits of the management of conflict of interest;
- initiating a change of legislation;
- drafting internal guidance for auditing ethics; and
- benchmarking on good practices of other SAIs.

**10. Did you have enough opportunities to participate in discussions/ask questions?**

(1 - not enough, 5 - completely)

No reply	1	2	3	4	5
2	0	0	1	7	33

**11. Did the methods (eg. approach) keep you involved and interested?**

(1 - never, 5 - always)

**Presentation by Mr Christoph Demmke**

No reply	1	2	3	4	5
1	0	0	3	9	30

One participant mentioned that the presentation had great impact but that 30 minutes was not enough.

**Approach used in the block addressing challenges of auditing ethics-related matters**  
(plenary session combined with a series of interactive sessions and discussions)

No reply	1	2	3	4	5
2	0	0	2	16	23

**Approach used in the block addressing tools and methods to assess risks**  
(plenary session combined with a workshop on the AINT method)

No reply	1	2	3	4	5
9	0	0	2	12	20

**12. Were the discussions and presentations practical enough?**

(1 - not enough, 5 - excellent)

No reply	1	2	3	4	5
4	0	0	1	19	19

**13. Please assess whether the exchange of experiences among participants was interesting and comment on the adequacy of allocated time**

(1 - not enough, 5 - excellent)

**Introduction into (auditing) ethics-related matters and integrity (block II)**

No reply	1	2	3	4	5
3	0	0	4	14	22

**The challenge of auditing ethics-related matters – Exploring matters to be further addressed in the seminar (block III, session 1)**

No reply	1	2	3	4	5
4	0	0	2	15	22

One participant was of the opinion that there was a bit too much time dedicated for too long discussions and not enough time for summarising.

**The challenge of auditing ethics-related matters – Exploring SAIs' experiences (block III, session 2)**

No reply	1	2	3	4	5
4	0	0	2	19	18

**The challenge of auditing ethics-related matters – In-depth conversations on the most important topics to be explored for auditing ethics-related matters (block III, session 3)**

No reply	1	2	3	4	5
3	0	0	2	17	21

**Tools and methods to assess risks (block IV)**

No reply	1	2	3	4	5
6	0	0	2	21	14

**A stakeholder perspective to auditing ethics-related issues (block V)**

No reply	1	2	3	4	5
6	0	1	5	17	14

**Conclusions and closing of the seminar (block VI)**

No reply	1	2	3	4	5
10	1	0	4	17	11

One participant stated that all discussions were very fruitful but even more time should have been allocated for discussions, especially as concerns the very complex AINT method.

**14. Did you receive the support you needed from the organisers?**

(1 - not at all, 5 - excellent)

No reply	1	2	3	4	5
0	0	0	0	5	38

One participant indicated that the organisers were a “great team”.

**15. How was the quality of the premises?**

(1 - inadequate, 5 - completely adequate)

No reply	1	2	3	4	5
1	0	0	0	6	36

**16. How was the quality of the technical equipment?**

(1 - inadequate, 5 - completely adequate)

No reply	1	2	3	4	5
0	0	0	0	9	34

One participant praised the use of the electronic voting tool used during the seminar (Powervote).

**17. How was the quality of the accommodation?**

(1 - inadequate, 5 - completely adequate)

No reply	1	2	3	4	5
4	0	2	3	9	25

Low scores were received from those staying at the Golden Tulip.

**18. What is your overall rating of this seminar?**

(1 - poor, 5 - very good)

No reply	1	2	3	4	5
0	0	0	0	16	27

One participant indicated that this was a very interesting seminar, but that even more time should have been reserved for informal discussions with other participants, perhaps using the method of “speed dating”.

**19. What do you think could have been improved in this seminar?**

While some participants called for more time for discussions in breakout groups, others preferred more time to be spent in plenary discussions. Some participants noted that perhaps too much information was presented on the first day (referring to the fact that the interactive methods are sometimes demanding on concentration and include some degree of moving around). Some would have liked to learn even more about national examples of ethics-related audits.

Other comments concerned the following:

- more specific examples of how ethics have been measured and analysed in audits;
- what type of questionnaire questions worked well and how they were analysed;
- how exactly have internal guidelines of auditees been assessed (showing in concrete examples);
- presentations should be longer and include more details;
- that a compiled list of studies which have looked into the link between ethical climate and performance be available; and
- that the seminar be longer (4-5 days).

## **20. Please feel free to make any other comment or suggestion**

In this section participants called for more similar seminars, with even more time given for work in breakout groups and using the interactive methods applied. One participant noted that the breakout sessions involved “a little bit too much moving around the Court’s premises”.

Other comments:

- “Excellent organized - well done”
- “Excellent working methods in group work. Refreshing to learn new methods and discuss openly with participants”
- “Thank you for organising the seminar”
- “All the praises to the ones who designed the seminar”

## **21. Do you have further suggestions on follow-up or other training initiatives on the same issue?**

Participants mostly suggested that:

- more detailed examples on the use of the AINT methods be provided;
- a manual/toolkit/EUROSAI guidelines on ethics-related audits be prepared;
- a website be launched to share practical experiences of auditing ethics-related issues (best practice and failures);
- more seminars on the topic be organised to share practical experience and discuss good practice (perhaps as an annual event). Other proposals for topics to be addressed in seminars included methodology, audit standards, criteria, measuring effectiveness of ethics;
- information of this seminar be summarised in a brochure.

## **GENERAL QUESTIONNAIRE: QUESTIONS FOR THE PRESENTERS**

The 8 presenters from SAIs and the ECA were asked to reply to additional questions.

## **22. Do you think that the target group defined for the seminar was adequate to meet the seminar objectives?**

Seven of the eight presenters were of the opinion that the target group was well chosen and that participants were very well prepared for the subject. One presenter noted that some participants did not have direct experience in the field of auditing ethics-related issues and therefore could not fully contribute and react to the presentation.

## **23. What techniques did you use to get active participation from attendants?**

The relevant examples included:

- group work and inviting participants to interact during and after the presentation
- presentations focused on relevant examples
- use of dynamic presentations (*note: no further explanation given*)

## **24. How would you rate the participants’ involvement in the group in which you made your presentation?**

Most presenters noted that the majority of participants were (very) interested and open, with lots of questions asked and feedback given.

## **25. Do you think that the global time allocated for the discussion block in which you made your presentation was appropriate?**

Six presenters said that sufficient time was allocated for discussion, two would have preferred to have more time.

# EUROSAI Seminar on Auditing Ethics

(organised under the auspices of the EUROSAI Task Force on Audit and Ethics)

Luxembourg, 17 – 18 September 2013

## DRAFT AGENDA

This seminar is organised as one of key activities of the EUROSAI Task Force on Audit and Ethics (TFAE). The agenda was prepared by the European Court of Auditors (ECA), with due account given to views expressed by members of the TFAE and results of the TFAE survey conducted among members of the EUROSAI.

The aim is to raise awareness and explore possibilities of auditing ethics-related issues and including them in audit tasks, as well as address practical matters concerning such audits. Participants are invited to exchange views and learn from existing experiences of SAIs involved in relevant audits, and where possible, draw lessons from these experiences.

The seminar will combine general plenary sessions (introducing the ethical framework, stakeholder views and activities of the TFAE in respect of auditing the ethical framework) and two interactive blocks to discuss relevant audit experience and practical aspects of audit work. These interactive sessions will be organised as a series of breakout sessions (to intensify learning) followed by short plenary meetings to sum up the discussions. At the end of the seminar participants will see if there is scope for further work and cooperation.

The first general audit-related block – The Challenge of Auditing Ethics-Related Matters – will allow participants to identify topics (e.g. audit mandate and criteria, tools and methods, good practice, obstacles) to be explored in the next stages of the seminar in order to increase the chance of carrying out ethics-related audits. Time will be given to discussions on the selected topics. SAIs with experience in auditing ethics-related matters will share their views with participants.

The second general block – Tools and Methods to Assess Risks – will start on day one and will continue on the second day. Participants will be familiarised with possible approaches to mapping the environment and identifying risks, which will be followed by a breakout session to get better acquainted with one of the methods developed by the SAI of the Netherlands. Participants will then meet in plenary to share results and support collective learning.



# 17 September (Day 1)

## **(Block I) OPENING OF THE SEMINAR**

09:00 – 09:30	<b>Welcome address</b> <i>by Mr Vítor Caldeira, President of the ECA</i>	K2.001 (conference room)
	<b>Opening remarks and introductions</b> <i>by Mr Eduardo Ruiz García, Secretary General of the ECA, and by Ms Helena Lopes, chair of the TFAE, SAI of Portugal</i>	
	<b>Concept of the seminar and organisational remarks</b> Information on the concept of the seminar and how the individual blocks will contribute to achieving the purpose of the seminar. <i>by Mr Paolo Giusta (ECA)</i>	

## **(Block II) AN INTRODUCTION INTO (AUDITING) ETHICS-RELATED MATTERS AND INTEGRITY**

Chairs:

- Mr Eduardo Ruiz García, Secretary General of the ECA, and
- Ms Helena Lopes, chair of the TFAE, SAI of Portugal

09:30 – 10:00	<b>Understanding, managing and measuring ethics and ethical frameworks</b> <i>by Mr Christoph Demmke, European Institute for Public Administration</i>	K2.001 (conference room)
10:00 – 10:20	<b>The TFAE Work Plan and results of the survey on auditing ethics-related issues</b> <i>by Ms Helena Lopes, chair of the TFAE, SAI of Portugal</i>	
10:20 – 10:40	<b>Coffee break</b>	

## **(Block III) THE CHALLENGE OF AUDITING ETHICS-RELATED MATTERS**

### **BREAKOUT SESSIONS COMBINED WITH RESULT-SHARING IN PLENARY SESSIONS**

Moderators (*the facilitating team*): Mr Paolo Giusta (ECA), Mr Fabrice Mercade (ECA), and Mr Radek Majer (ECA)

10:40 – 12:00	<b>Ethics-related matters to be addressed in the seminar</b> One of the main objectives of the seminar is to address topics such as <u>criteria, tools and methods</u> , as well as <u>good practice and obstacles</u> in performing ethics-related audits. In this session participants will discuss which aspects of those topics, and what other issues should be explored in greater detail. Method: 1) Discussions in small groups of participants. 2) Sharing results in plenary. 3) (Possibly) prioritising the order of the items to be dealt with.	K2 (entrance hall - foyer)
12:00 – 12:45	<b>SAIs' experience with auditing ethics</b> Six SAIs will present their experience, which will be followed by a discussion to collect learning from the experiences on topics such as criteria, methods, good practice or obstacles in performing ethics-related audits as well as other topics identified by participants during the group discussion above.	K3.010 K3.011 K3.013

	<ul style="list-style-type: none"> <li>• <b>Audit of regularity and efficiency of the ethical infrastructure functioning in the Croatian government bodies</b> <i>by Ms Anita Materljan, SAI of Croatia</i></li> <li>• <b>Audit and ethics – an Icelandic experience</b> <i>by Mr Thorir Oskarsson, SAI of Iceland</i></li> <li>• <b>The Italian experience on auditing disciplinary functions and procedures: How the legislative system has been changed in the last year - Has the behaviour changed?</b> <i>by Mr Giovanni Coppola and Mr Ermanno Granelli, SAI of Italy</i></li> <li>• <b>Auditing ethics: A small state perspective</b> <i>by Mr Keith Mercieca, SAI of Malta</i></li> <li>• <b>Corporate governance principles in state owned enterprises</b> <i>by Ms Gabriela Ramos, SAI of Portugal</i></li> <li>• <b>Audit on the management of conflict of interest in selected EU agencies</b> <i>by Mr Igors Ludboržs, ECA</i></li> </ul> <p>Method: Discussion groups (2 presentations per group)</p>	
<b>12:45 – 14:15</b>	<b>Lunch</b>	
<b>14:15 – 15:20</b>	<b>SAls' experience with auditing ethics (continued)</b>  Method: 1) Discussion groups (2 presentations per group - continued) 2) Collecting learning (by topic) in plenary	<i>K3.010</i> <i>K3.011</i> <i>K3.013</i>  <i>K3.014</i> <i>K3.016</i>
<b>15:20 – 16:55</b> (including coffee break)	<b>In-depth conversations on the most important topics to be explored for auditing ethics-related issues</b> Based on learning and knowledge collected so far, participants will continue discussions in small groups on the remaining important topics to be explored. Method: 1) Self-managed discussions with participants attending those of greatest interest to them 2) Sharing results in plenary	<i>K3.010</i> <i>K3.011</i> <i>K3.013</i> <i>K3.014</i> <i>K3.016</i> <i>K3.canteen</i>
<b><u>(Block IV) TOOLS AND METHODS TO ASSESS RISKS</u></b>		
<b>PLENARY SESSION</b>		
Chairs:		
<ul style="list-style-type: none"> <li>• <i>Mr Eduardo Ruiz García, Secretary General of the ECA, and</i></li> <li>• <i>Ms Helena Lopes, chair of the TFAE, SAI of Portugal</i></li> </ul>		
<b>16:55 – 17:15</b>	<b>Integritas: A project to strengthen the integrity-based administrative culture in Hungary</b> <i>by Mr János Szatmári, SAI of Hungary</i>	<i>K2.001</i> (conference room)
<b>17:15</b>	<b>End of day 1</b>	

# 18 September (Day 2)

## **(Block IV) TOOLS AND METHODS TO ASSESS RISKS (continued)**

### **PLENARY SESSION**

Chairs:

- *Mr Eduardo Ruiz García, Secretary General of the ECA, and*
- *Ms Helena Lopes, chair of the TFAE, SAI of Portugal*

<b>09:00 – 09:05</b>	<b>Opening of the 2<sup>nd</sup> day of the seminar</b>	<i>K2.001 (conference room)</i>
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### **PLENARY AND WORKSHOP SESSION**

*Moderators (the facilitating team): Ms Linda Strijker (SAI of the Netherlands), Mr Andreas Bolkart (ECA)*

<b>09:05 – 09:30</b>	<b>Using the adapted <i>(INTO)Saint</i> as a tool to audit and assess the risk environment of audited institutions</b> <i>by Ms Linda Strijker, SAI of the Netherlands</i>	<i>K2.001 (conference room)</i>
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<b>09:30 – 11:30</b> (including coffee break)	<b>Learning to assess and audit risks</b> A case study prepared by the SAI of the Netherlands will help participants get a better understanding of the new method, which is being developed to assess vulnerability and resilience to integrity violations and to generate recommendations on how to improve integrity management. Method: 1) 3 breakout groups to work on the case study 2) Sharing results in plenary	<i>K3.013 K3.014  K2.001 (conference room)</i>
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## **(Block V) A STAKEHOLDER PERSPECTIVE TO AUDITING ETHICS-RELATED ISSUES**

Chair:

- *Mr Eduardo Ruiz García, Secretary General of the ECA, and*
- *Ms Helena Lopes, chair of the TFAE, SAI of Portugal*

<b>11:30 – 11:50</b>	<b>Auditing ethics-related issues: the European Parliament perspective</b> <i>by Ms Inés Ayala Sender, Member of the European Parliament</i>	<i>K2.001 (conference room)</i>
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## **(Block VI) CLOSING OF THE SEMINAR**

<b>11:50 – 12:05</b>	<b>Conclusions of the seminar and next steps</b> <i>by Ms Helena Lopes, chair of the TFAE, SAI of Portugal supported by Mr Paolo Giusta (ECA) and Ms Linda Strijker (SAI of the Netherlands)</i>	<i>K2.001 (conference room)</i>
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<b>12:05 – 12:15</b>	<b>Closing remarks</b> <i>by Mr Eduardo Ruiz García, Secretary General of the ECA</i>
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<b>12:15</b>	<b>Lunch</b>
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