Survey on ISSAI 30 Revision. Summary of Results

I. Background information

At its meeting in June 2013 in Stockholm, the Steering Committee of the Professional Standards Committee (PSC) decided that a review of ISSAI 30 – Code of Ethics (endorsed in 1998) should be commenced, in accordance with the maintenance frequency.

A team has been established to carry out the ISSAI 30 review project, composed of the Supreme Audit Institutions of the following countries that volunteered to participate in the project: Indonesia, Poland (project leader), Portugal, the United Kingdom and the United States.

The first stage of the project was an initial assessment, i.e. a judgement on whether ISSAI 30 was fit for purpose in the modern public sector auditing world, or whether it needed an update, and – if so – how extensive such an update should be.

In order to determine whether the INTOSAI Code of Ethics needed a revision, an opinion of the whole INTOSAI community deemed necessary. Therefore an online survey was developed by the ISSAI 30 Review Project Group and distributed late February 2014. Each SAI was requested to complete the survey only once. The survey was closed at the beginning of April 2014. By that date, 69 complete answers were received[1]. Replies from individual SAIs have been analysed and comprised in this paper, which also formulates key conclusions that may be used in the process of further work on ISSAI 30 actual revision, if the PSC Steering Committee decided so.

This paper is an annex to the project proposal submitted to the PSC Steering Committee for approval at its meeting in Manama, Bahrain, on 20-22 May 2014.

II. Overall conclusion:

The survey results indicate a need for ISSAI 30 revision. The revision should focus on:

- shifting from the perspective of an individual auditor to the SAI perspective, with due consideration to stakeholders,
- emphasising the importance of ethical culture and principles as a means of preventing unethical behaviour,
- consistency with other ISSAIs,
- reviewing fundamental principles and core values; considering consistency with IFAC principles and additional public sector principles,
- considering monitoring compliance with ethical requirements, and inclusion of ethics management and control,
- updating terminology,
- improving clarity of the document through consistent headings/ numbering/ paragraphs etc.

The survey also indicates the need for additional guidance and examples to supplement ISSAI 30.

Below, there are the survey questions, with statistical data, some commentaries on the results and key conclusions.

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[1] Regional representation in the survey: AFROSAI – 13, ARABOSAI – 3, ASOSAI – 7, CAROSAI – 2, EUROSAI – 35, OLACEFS – 5, PASAI – 2. The other two respondents were the SAIs of Canada and the USA.

III. Analysis of survey results

Question 1
Within your SAI, who do you see as the main beneficiaries of ethics codes/standards?
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In this question the respondents were asked to rank three groups of beneficiaries. The results show which groups were ranked first.
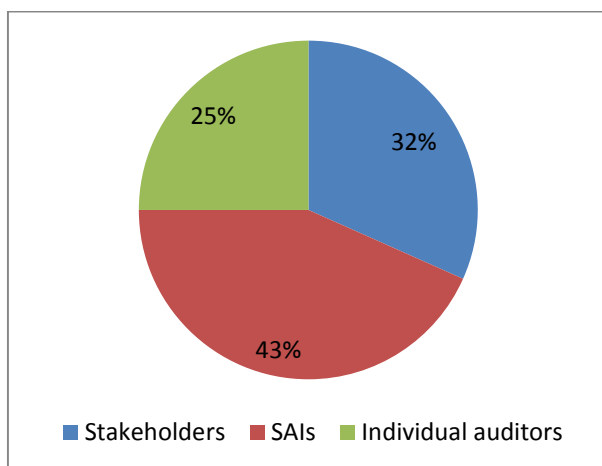
Answers	Count	Percentage
Total	60	100%
Stakeholders	19	32%
SAIs	26	43%
Individual auditors	15	25%

Commentary on results
Reasons given for these groups being the key beneficiaries were broadly consistent among SAIs.
SAIs
- Primarily ISSAI 30 is used by SAIs to develop their own codes and manage ethical conduct.
- Important to safeguard the reputation/standing of SAIs with stakeholders.
- Helps SAI to be accountable.
Stakeholders
- They give stakeholders confidence in the quality of reports.
- It assists transparency – stakeholders know what is expected of a SAI.
- It is important for the stakeholders to be able to trust a SAI.
- Also an acknowledgement that this group can be difficult to target.
Individual auditors
- Ethical standards reduce audit risk.
- Individual auditors are the ones using codes and standards day to day in their work.
- Auditors need guiding principles.

Key conclusions
- ISSAI 30 in its present shape is addressed to auditors at the individual level, whereas it should be addressed to SAIs at the institutional level since SAIs are perceived as its main users. Besides ISSAI 30 is a level two document specifying prerequisites for SAIs.
- ISSAI 30 should also consider the expectations of the stakeholders to enhance the credibility of SAIs.
While individual auditors clearly need more detailed guidance than is provided by ISSAI 30, the working group has already acknowledged that this level of detail cannot be provided in a level 2 ISSAI. Later questions will deal with this matter.

Question 2
What ethical standards or guidance does your SAI currently apply?
_____
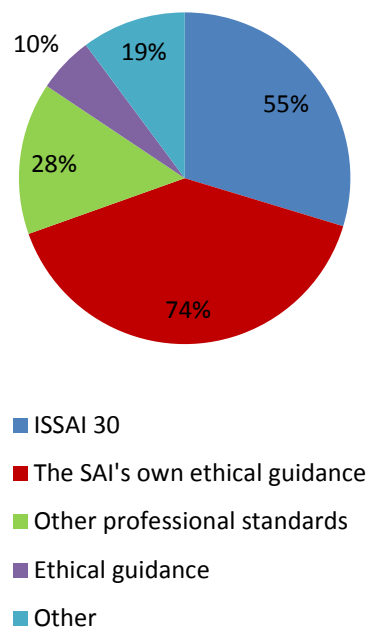
Answers	Count	Percentage
Total	69[2]	
ISSAI 30	38	55%
The SAI's own ethical guidance	51	74%
Other professional standards	19	28%
Ethical guidance	7	10%
Other	13	19%

- ISSAI 30
- The SAI's own ethical guidance
- Other professional standards
- Ethical guidance
- Other

Commentary on results
Most (51 out of 69) respondents have their own codes of conduct. This implies that some 18 of the respondent SAIs do not. Other ethical standards and guidance used by SAIs fall into the following categories:
- national legislation,
- national civil service codes,
- IFAC code of ethics for professional accountants,
- other professional standards relevant to the work of the employees of the SAI.

Key conclusions
Some alignment with the principles of the IFAC code could be beneficial to the quality of ISSAI 30 and therefore beneficial to the reputation of the INTOSAI community. However, there may be additional requirements applicable in the public sector.
If revised, it may also be appropriate for ISSAI 30 to make reference to the existence of other professional ethical standards e.g. in respect of research and procurement, which may be relevant to a SAI's work.

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[2] This was a multiple choice question, so the count does not sum up to 69, which is the total number of the SAIs that responded to this question. Similarly, the percentages do not sum up to 100.

Question 3
Is your SAI's compliance with its adopted ethical standards or guidance (as above) subject to any assessment or review?
_____
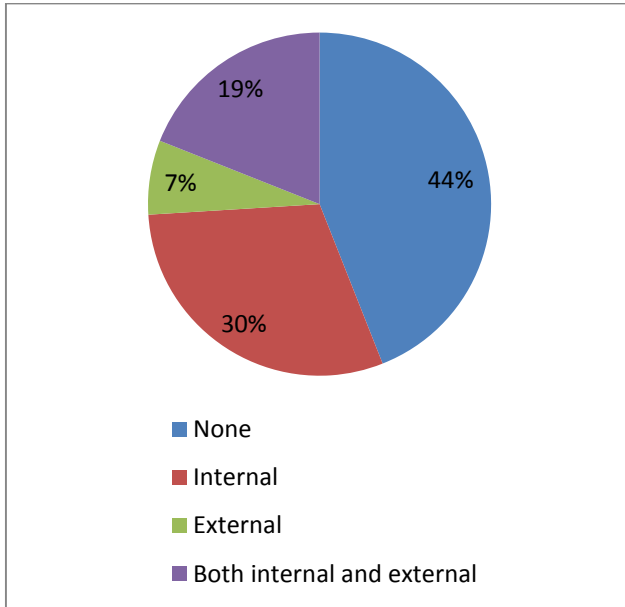
Answers	Count	Percentage
Total	69	100%
None	30	44%
Internal	21	30%
External	5	7%
Both internal and external	13	19%

Pie chart legend:
- None (44%)
- Internal (30%)
- External (7%)
- Both internal and external (19%)
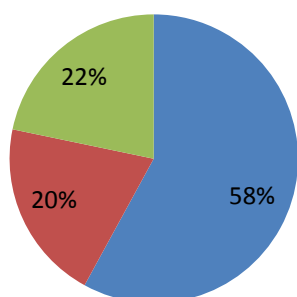
Commentary on results

A significant proportion of SAIs stated that there was no assessment or review of ethics. Internal review or assessment included specific ethics committees/units/individuals, quality assurance processes on audits, internal audit and performance assessments of individuals. External reviews are performed by government ethics/anti-corruption bodies, quality assurance reviews by professional oversight bodies or regulators and peer reviews by other SAIs.

Key conclusions

If ISSAI 30 is revised, it should contain a reference to reviewing or assessing compliance with ethical requirements.

Question 4

Is a revision of ISSAI 30 required?

_____

Answers	Count	Percentage
Total	69	100%
Revision required	40	58%
Revision not required	14	20%
No opinion	15	22%

■ Revision required

■ Revision not required

■ No opinion

Commentary on results

Changes in the external environment:

- It has been sixteen years since the approval of ISSAI 30 – considering the latest developments and changes throughout the public audit environment, revision of ISSAI 30 is necessary.
- The past years have highlighted the costs of acting unethically with high public distrust and increasingly public protest against government misdemeanours.
- A revision of ISSAI 30, which would incorporate guidance on ethics management and good practices, is required in order to facilitate the adoption of the fundamental ethical principles.
- Auditing, and its environment is dynamic, new laws are being enacted, government operations change, additional obligations as a result of these changes emerge, therefore auditors have the responsibility to review their work in order to take cognisance of these changes.

The need to harmonise with other standards:

- ISSAIs developed or revised since the Code of Ethics was introduced.
- Other professional ethical standards e.g. IFAC code of ethics.

ISSAI 30 is now very rule-based. More emphasis is needed on prevention, culture and principle based approach.

Key conclusions
Most of the SAIs that responded to the survey indicated that ISSAI 30 should be revised.

If respondents indicated "yes" in this question, the survey opened additional questions asking which elements of ISSAI 30 should be revised.

Question 4 I
Structure: Revision required?
_____
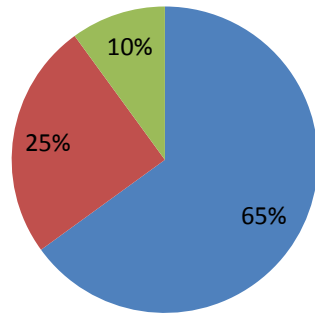
Answers	Count	Percentage
Total	40	100%
Revision required	26	65%
Revision not required	10	25%
No opinion	4	10%

■ Revision required   ■ Revision not required

■ No opinion

Commentary on results
The respondents would like to have a more consistent and readable format of ISSAI 30,
including:
- hierarchy of content,
- clear layout (paragraphs, headings, numbering of subchapters, etc.).

Also, they indicated the need to add:
- a chapter prescribing the social responsibility of an auditor,
- specific regulations for the executive officers, leaders,
- a section dealing with threats and safeguards more explicitly,
- division and definition of the aims, values and principles,
- a chapter regarding organisational ethics,
- the issue of violations of the Code,
- a structure displaying different roles of a SAI's management, auditors and other staff.

They also indicated that there is the need to differentiate between:
- principles and values,
- rules and guidance.

Other comments referred to:
- emerging issues not covered in the Code,
- aligning chapters with the principles included in general purpose ethical standards for
  auditors issued by IFAC.

Key conclusions
The structure of ISSAI 30 needs to be revised with regard to its format. By improving the
structure, the content of ISSAI 30 would be clearer and more readable.

Question 4 II
Scope (Introduction, Fundamental Principles, Core Values, Glossary): Revision required?
_____
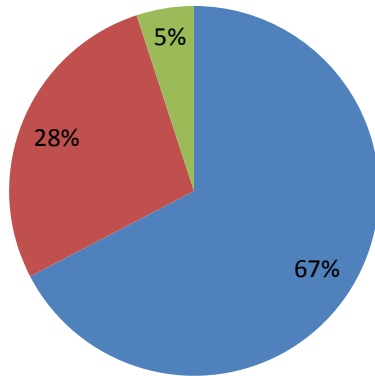
<table>
<tr><th>Answers</th><th>Count</th><th>Percentage</th></tr>
<tr><td>Total</td><td>40</td><td>100%</td></tr>
<tr><td>Revision required</td><td>27</td><td>67%</td></tr>
<tr><td>Revision not required</td><td>11</td><td>28%</td></tr>
<tr><td>No opinion</td><td>2</td><td>5%</td></tr>
</table>

Pie chart:
- 67% — Revision required
- 28% — Revision not required
- 5% — No opinion

■ Revision required   ■ Revision not required

■ No opinion

If respondents indicated "yes" in this question, the survey opened additional questions asking which elements of the ISSAI 30 scope should be revised.

Key conclusions
Most of the SAIs that responded to the survey indicated that the scope of ISSAI 30 should be revised, including the Introduction, Fundamental Principles, Core Values and Glossary.

There is the need to:
• provide consistency with other ISSAIs,
• review the fundamental principles and consider alignment with the IFAC code of ethics,
• consider assessing and monitoring of compliance with relevant ethical requirements,
• introduce responsibilities for managing ethics,
• update terminology.

a) Introduction (Concept, Background, and Purpose of the Code of Ethics): Revision required?
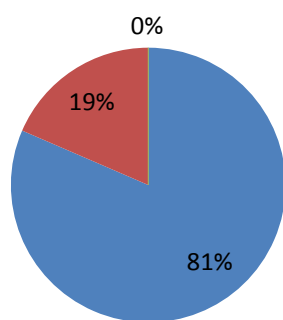
Answers	Count	Percentage
Total	27	100%
Revision required	22	81%
Revision not required	5	19%
No opinion	0	0%

- Revision required
- Revision not required
- No opinion

Commentary on results

Consistency with other ISSAIs:
- Bringing the content in line with other ISSAIs and make cross references to relevant ISSAIs, such as 10, 11, 12, 20, 40; make a specific mention of transparency.

To be added:
- specific purpose of ISSAI 30,
- requisites for the management of ethics by a SAI, ethics control and key roles of a SAI's management in this respect,
- emphasise the role that ethics has to play in audit quality (at present the wording of the standard could be interpreted to mean that the primary objective is to protect a SAI's reputation. Perception is important but it is not the only issue),
- a short introduction mentioning which fundamental principles an auditor shall apply (like in IFAC code of ethics 100.5),
- indicating core values,
- more background about ethics and public trust: rule based vs principle based approach,
- enforcement of the code of ethics.

Clarify content:
- Focus the content on principal issues. Practical ones, like for example part of par. 5, should be removed to detailed requirements.
- More explanation to the concepts used.
- Keep the sentence that "due to national differences .... it is the responsibility of each SAI to develop its own Code of Ethics", which should be in accordance with/based on INTOSAI's Code of Ethics".
- Move the Notes to the Introduction,
- Improve structure and language.

b) Fundamental principles (Trust, Confidence and Credibility): Revision required?
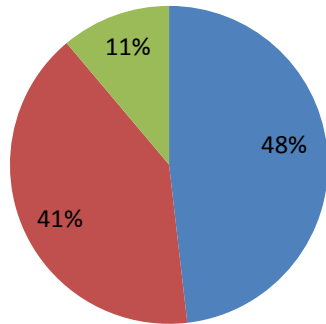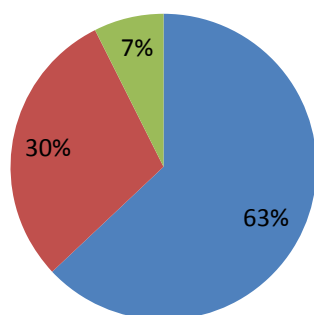
Answers	Count	Percentage
Total	27	100%
Revision required	13	48%
Revision not required	11	41%
No opinion	3	11%

48%

41%

11%

■ Revision required ■ Revision not required

■ No opinion

Commentary on results

- Principles seem more like objectives, reflect much wider concepts, related not only to ethics but to all ISSAIs of the second level.
- Clear the content:
  - clear distinction between values and principles,
  - define core values as fundamental principles,
  - align ISSAI 30 with the IFAC code of ethics terminology,
  - keep it focused on values, e.g. paragraph 8 move to the detailed part concerning expected behaviour.
- Principles to be added:
  - transparency,
  - confidentiality,
  - audit quality.
- For each principle show practical examples of ethical conflicts and dilemmas.

c) Core values (Integrity, Independence, Objectivity and Impartiality, Professional Confidentiality, Competence): Revision required?

Answers	Count	Percentage
Total	27	100%
Revision required	17	63%
Revision not required	8	30%
No opinion	2	7%

■ Revision required

■ Revision not required

■ No opinion

Commentary on results

Align with the IFAC code of ethics:
- ISSAI 30 should be aligned with the five concepts from the IFAC code of ethics, i.e. integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Confidentiality:
- inconsistency between "confidentiality" and "secrecy",
- balance professional confidentiality with transparency,
- "professional confidentiality" should be part of integrity since the personal use of information gathered during audits would breach auditors' integrity.

Competence:
- is not only required in conducting field audit and writing audit report but also in monitoring follow up of audit recommendations,
- it also should cite that auditors can conduct audits by assisting an expert or other forms of assistance when they lack competence.

To be added:
- engagement teams – definition,
- breach of a requirement of the Code,
- professional behaviour as a separate point,
- concept of due care,
- more details on the subject of accountability: who is responsible for ensuring that the various requirements of the Code are met,
- incorporating values of transparency and accountability of SAIs.

d) Glossary (beyond the current reference to INTOSAI Auditing Standards): Revision required?
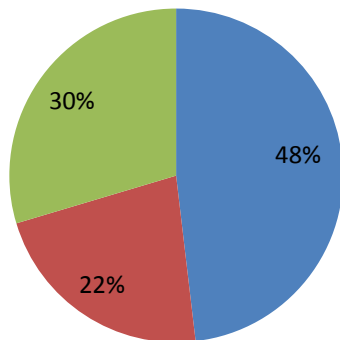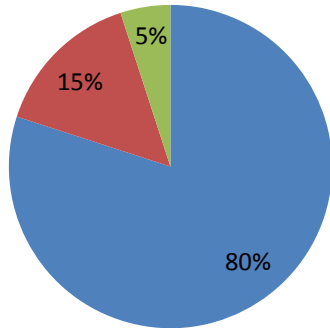

Answers	Count	Percentage
Total	27	100%
Revision required	13	48%
Revision not required	6	22%
No opinion	8	30%

■ Revision required

■ Revision not required

■ No opinion

Commentary on results
- The reference to the INTOSAI Auditing Standards is not relevant any longer.
- A special glossary for ISSAI 30 could be useful.
- Interpretation and/or definition of some key terms should be provided to facilitate the auditors in using them.
- Consistency of terms with other ISSAIs, update and/or revise of definitions.
- Reference to rule based vs principle based.

Question 4 III
LEVEL OF DETAIL: Revision required?

_____

Answers	Count	Percentage
Total	40	100%
Revision required	32	80%
Revision not required	6	15%
No opinion	2	5%

- Revision required
- Revision not required
- No opinion

If respondents indicated "yes" in this question, the survey opened an additional question asking in what ways the revision is required.
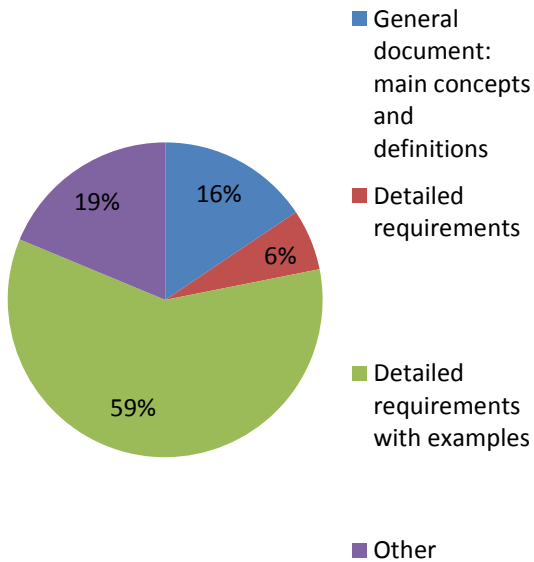
- General document: main concepts and definitions
- Detailed requirements
- Detailed requirements with examples
- Other

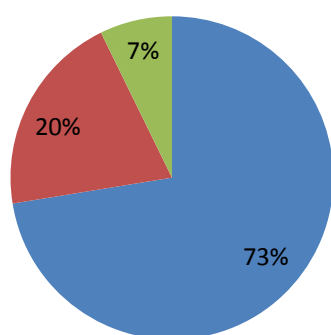| Answers	Count	Percentage
Total	32	100%
General document, main concepts and definitions	5	16%
Detailed requirements	2	6%
Detailed requirements with examples	19	59%
Other	6	19%

Commentary on results

- To be added:
    - general statement in which ethical threats are identified and assessed; there are different responses that may be appropriate, i.e. tolerate the threat, remove the threat or apply safeguards. This would fit best in the introductory paragraphs.
    - the obligations of a SAI and an auditor.
    - an appendix with examples and good practices.
- One general document: main concepts and definitions; second document: detailed guidance with examples.
- Proper implementation process/policy.
- Emphasis of the importance of the tone from/at the top, ethical leadership.
- Importance of an evaluation/monitoring process.

Key conclusions

Some of SAIs would welcome more detailed guidance available on implementation of ISSAI 30. At the same time, ISSAI 30 should be kept a general document, as a level-two document in the ISSAI Framework. It should be considered then whether an additional document should be prepared with detailed guidance and/or good practices.

Question 5
Besides standards for auditors, should ISSAI 30 include standards for SAI as to manage ethics? (e.g. establishing codes, guidance, declaration and commitment tools, advisory responsibilities, control instruments)

_____

Answers	Count	Percentage
Total	69	100%
Yes	50	73%
No	14	20%
No answer	5	7%

■ Yes ■ No ■ No answer

If respondents indicated "yes" in this question, the survey opened an additional question asking for additional details.

Commentary on results
- An expressive number of SAI (50) consider that ISSAI 30 should include requirements on how SAI can manage ethics.
- These requirements should focus on:
  - ethical leadership,
  - commitment tools,
  - monitoring and control instruments.
- ISSAI 30 should refer to the integrity framework recommended by OECD, enabling a more comprehensive approach to ethics.
- ISSAI 30 should stress SAIs' responsibility to establish codes, guidelines and routines to properly implement an ethical framework.
- Whether in ISSAI 30 or in a sub-level ISSAI (e.g. 31), guidelines on SAI ethical management, including provisions for enforcement measures.

Key conclusions
ISSAI 30 should include provisions directed to SAIs as to manage ethics, especially related to the tone at the top, commitment, managing conflicts of interests, advisory responsibilities, monitoring and control tools. Further developments of guidance in SAIs and/or INTOSAI Regional Groups would be welcome.

Question 6
Is an additional document providing good practices for the application of ISSAI 30 required?
_____

Answers	Count	Percentage
Total	69	100%
Required	43	62%
Not required	16	23%
No opinion	10	15%
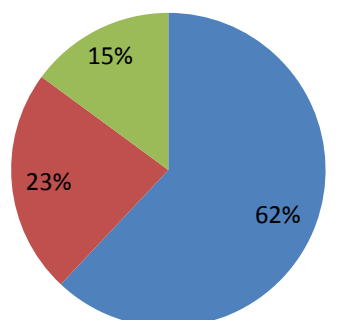
■ Required   ■ Not required
■ No opinion

If respondents indicated "yes" in this question, the survey opened an additional question asking for additional details.

Commentary on results
We classified the comments or answers based on the keyword found in the comments. After performing such analysis, we finally found three group:
o   Explain the standard:
    There are 4 respondents (10,.5%) in this group. This group believes that an additional document would be helpful to understand precisely the purpose of ISSAI 30 provisions and should emphasise the need/importance of practical guidance in the ethical framework of a SAI.
o   Contain good practices and/or examples:
    There are 30 respondents (78. 9%) in this group. This group thinks that the additional document should contain:
    •   good practices and precise examples regarding the use of ISSAI 30 (it should include good practices from different models and mandates),
    •   specific examples on different situations and possible scenarios,
    •   good practice should be provided for each key principle,
    •   how to act in situations of dilemmas of ethics, conflict of interest,
    •   this additional document should be outside the ISSAI framework.
o   Other:
    •   Key concepts related to guidance, commitment tools, advisory responsibilities, control instruments, ethical leadership to promote and encourage ethical climate in SAIs.
    •   The EUROSAI Taskforce on Audit and Ethics has gathered good practices which could be included as guidance.
    •   Such document could e.g. be organised in the same way as ISSAI 11: 1) Core values; 2) Guidelines; 3) Good practices.
    •   Constitution law and other national laws.

Key conclusions
Consider the need for additional good practice examples to supplement ISSAI 30.

Question 7
Any other comment?
_____

Listing of additional comments (a selection):
The comments received have been grouped into three types:

a. **Feedback**
1) It is necessary to evaluate a new structure for ISSAI 30.
2) The issues on organisational integrity are addressed in a possible revision. We note some possible contradictions between ISSAI 30 and ISSAI 40 that also should be addressed.
3) It would be interesting to include the implementation stages of the structural elements (Paraguay's Public Ethics Manual) necessary in ISSAI 30.
4) We would suggest INTOSAI to stimulate peer reviews on ethics management.
5) SAIs should review their business processes regularly and it is essential for SAIs to be in contact with international SAIs and organizations to follow current developments in ethics and to evaluate best practices.
6) We have to assess what should be included in the ISSAI framework.
7) The Code of Ethics should include the behaviour of auditors about the democratic principles, human rights, the honesty and politeness of auditors, the misuse of public property, the patience and attentiveness.
8) There should be more emphasis on the part of the organisation and the responsibility of management.
9) ISSAI 30 should include all IFAC principles.
10) We recommend benchmarking ISSAI 30 against other forms of current ethics related literature issued.
11) ISSAI standards should be kept general.

b. **Support or Endorsement**
1) ISSAI 30 is well written, clear and straightforward.
2) The code of ethics enhances professionalism in the SAI.
3) I hope you are able to reunite ideas that help the improvement of the review.
4) The Austrian Court of Audit (ACA) has established an ethical unit ("Ethic board"), the Ethic board is responsible for the evaluation of the ethical standards of the ACA.
5) ISSAI 30 helps SAIs in promoting integrity, transparency and accountability.
6) The application of ISSAI 30 will add value and help member SAIs to share best practices and be able to properly manage ethics.
7) The elements and principles of SAI-Bhutan's Code of Ethics are similar to ISSAI 30.
8) Our SAI (ID134) is very interested in having a Code of Ethics.
9) OAG has set up disciplinary committee to monitor and follow up the implementation of ISSAI 30.

c. **Challenges**
1) It is a challenge to monitor and report on the degree of compliance.
2) If we want to include ethics management and control for SAI level, we should have another ISSAI, say ISSAI 31.

Key conclusions
The comments will be reviewed and considered as part of the process going forward.