Summary of the findings of the integrity assessment workshops with an emphasis on ethical aspects

Josinete Pereira dos Santos

é servidora do Tribunal de Contas da União, no Gabinete da Corregedoria

Renato Kanemoto

é servidor do Tribunal de Contas da União, no Gabinete da Corregedoria

ABSTRACT

This article describes, in a summarized manner, the set of eleven findings from the integrity self-assessment workshops with an emphasis on ethical aspects, conducted by the Office of Internal Affairs of the Brazilian Court of Accounts in 2014 and 2015. For that purpose, the selection criteria used were the recurrence of findings (frequency) and the corresponding thematic relevance.

The article starts by describing the methodology used in the workshops (IntoSAINT). Next, the eleven findings are presented in an aggregated manner, in three categories: intrinsic vulnerabilities; factors that exacerbate these vulnerabilities; and measures of the integrity/ethics control system. Lastly, the main referrals and recommendations proposed as a result of the previously described findings are summarized.

Considering that integrity assessments of Supreme Audit Institutions with an emphasis on ethical aspects are rare; that topics such as integrity, ethics and transparency are gaining importance; and the belief that prevention and awareness are essential to preserve integrity/ethics within an organization, the article seeks to make practical contributions to the employees of the Brazilian Court of Accounts, since the findings described stem from their own observations and criticisms, which were discussed in the several workshops, with no intention of exhausting the subject or drawing absolute conclusions.

Keywords: IntoSAINT; Integrity assessment; Ethics; Vulnerabilities; Recommendations.

1.   INTRODUCTION

Integrity assessments of Supreme Audit Institutions with an emphasis on ethical aspects have not been frequent in our country, despite the fact that topics such as integrity, ethics and transparency are becoming increasingly popular and gaining importance.

Based on these assumptions, the opportunity arose to conduct integrity/ethics self-assessment workshops in the Technical Units of the Brazilian Court of Accounts during 2014 and 2015.

This article starts by describing the methodology used in those workshops (IntoSAINT tool), in compliance with the guidelines of the Netherlands Court of Audit, the entity that created and developed the tool.

Next, the most frequent findings with the highest thematic relevance are presented in a summarized manner.

Finally, the article presents a summary table of the main recommendations to the Technical Units assessed and referrals to the relevant areas at the Court's headquarters (Brasília), with the primary aim of reducing the identified vulnerabilities and/or strengthening the controls deemed deficient.

2.   INTOSAINT

2.1   CONCEPTS

The word integrity comes from the Latin in-tangere, which means untouchable. It is a broad concept related to incorruptibility and the state of remaining intact. It is closely related to the absence of fraud and corruption.

According to ISSAI 30 (Code of Ethics of INTOSAI), one of the main reference documents, integrity can be measured in terms of what is right and just. Values such as transparency, objectivity, independence, honesty and mainly **ethics** are commonly related to the concept of integrity.

IntoSAINT is an integrity assessment tool developed by the Netherlands Court of Audit and subsequently translated into Spanish and adapted by the Supreme Audit Institution of the Federation of Mexico (2012-2013), which is the main body responsible for disseminating it to the member countries of OLACEFS (Latin American and Caribbean Organization of Supreme Audit Institutions).

The tool's name is a contraction of the acronyms INTOSAI (International Organization of Supreme Audit Institutions) and SAINT (Integrity Self-Assessment). Therefore, it allows employees themselves, based on their perceptions, to identify vulnerabilities and assess the maturity level of the integrity control system of their audit institution.

2.2   METHODOLOGY

The IntoSAINT tool is applied in a two-day workshop conducted by two qualified moderators. Participants (maximum of 15) are jointly selected by

the moderators and directors among non-management employees.

Initially, participants must validate a preliminary list of the Technical Unit's key processes, in order to promote deletions, additions or modifications, as deemed appropriate by the group.

Discussion of the key processes is followed by three sessions in which forms are applied and each participant individually ranks the items presented, according to their perception. Each session is followed by the tabulation of scores and discussion of results.

In the first form, participants assess the Unit's intrinsic (or inherent) vulnerabilities. As a rule, processes or functions considered by participants as most vulnerable to integrity/ethics violations receive higher scores.

In the second form, participants assess factors or circumstances that exacerbate the vulnerabilities identified in the previous step, because of either their increased probability to occur or the impact they may cause. The higher the degree of exposure to these factors or circumstances is, the higher the score assigned by participants should be.

A key element of this methodology is to assess the maturity (or robustness) level of the integrity/ethics control system (ICS), which is a set of measures established to promote, monitor and ensure the integrity/ethics of the audit institution. The third form aims to assess the existence, implementation and effectiveness of related controls. The higher the robustness level of the system is, the higher the score assigned by participants should be.

The existence or nonexistence of balance is determined based on the comparison between the assessments of vulnerabilities and the ICS maturity level. In the absence of balance, gaps are assumed to exist, thus indicating that the control system should be strengthened and/or the remaining vulnerabilities minimized.

Based on the findings and conclusions of the gap analysis, participants, with the help of the moderators, prepare the recommendations to be proposed to the heads of the Technical Unit as well as referrals to the relevant areas at the Court's headquarters (Brasília).

Finally, the consolidated self-assessment report, including recommendations and referrals is presented to the senior officials, with the request that an interlocutor be appointed to draw up an action plan to be monitored (onsite and remotely) for a period of up to one year.

2.3   WORKSHOPS

Five workshops for application of the IntoSAINT tool were held at the Departments of External Control between March 2014 and July 2015 [AM, PI, PB (2014); MS and SE (2015)], which corresponds to almost 20% of all units based in the states.

Moderators were staff members of the Office of Internal Affairs of the Brazilian Court of Accounts (TCU). The number of participants ranged from seven to twelve non-management employees in the respective Units.
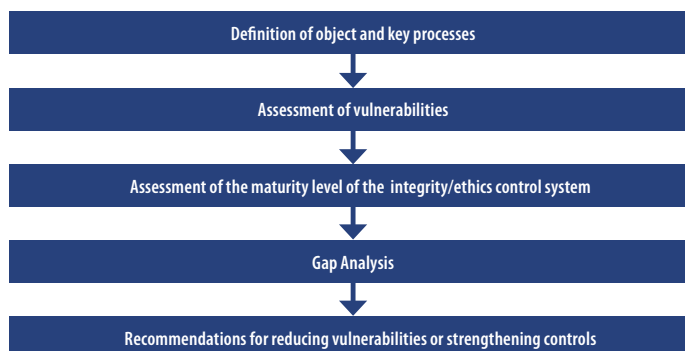
In addition to these, three of the workshops counted on the voluntary participation of some TCU employees who had shown interest in the theme to be addressed.

3.   FINDINGS OF WORKSHOPS

Out of over 50 findings collected in the workshops, 11 were listed using recurrence and thematic relevance as selection criteria.

For didactic purposes, these findings were grouped according to their correlation to actions or activities which are considered **intrinsic vulnerabilities** (1st group) or **factors that exacerbate these**

Figure 1:
Stages of the
IntoSAINT workshop

| Definition of object and key processes |
| Assessment of vulnerabilities |
| Assessment of the maturity level of the integrity/ethics control system |
| Gap Analysis |
| Recommendations for reducing vulnerabilities or strengthening controls |

Source: The authors

Figure 2:
Photo of IntoSAINT workshop participants

Source: The authors

vulnerabilities (2nd group) or, yet, with measures of the **integrity/ethics control system** (ICS) that the Technical Unit has or should have (3rd group).

3.1 INTRINSIC VULNERABILITIES

3.1.1 INSPECTION OR AUDIT

As a rule, TCU employees have more direct contact with respondents during inspection assignments than during the fact-finding phase, thus increasing the intensity of external relations. As a result, they feel more vulnerable to temptations to misconduct. It was also mentioned that, in the states, especially the smaller ones, many employees are acquainted with key officials (or entities) and their track record, a situation that is often unfavorable. Attention was drawn to possible prejudice (preconceived judgments) during the fact-finding phase or preparation of audit reports.

3.1.2 HUMAN RESOURCES MANAGEMENT

Also discussed was the need for special caution in hiring outsourced personnel and trainees, such as checking direct links (employment or position of trust) with the state or municipalities, and kinship with persons directly interested in judicial proceedings under the responsibility of the Unit, or yet any situations of risk to information security and confidentiality of documents and proceedings. Great concern was voiced with respect to IT support professionals, especially regarding the disclosure of passwords and/or access to corporate systems. Another concern affecting mainly medium and small departments is related to the significant number of outsourced personnel and trainees,

which could put the unit in a situation of vulnerability, especially in the areas of asset and information security. In almost a third of all state secretariats, the overall number of outsourced personnel and trainees is estimated at being close to that of permanent employees.

3.1.3 MANAGEMENT OF PERSONAL PROPERTY AND INSPECTION OR AUDIT

It was also mentioned that although on the one hand the repeated participation of some employees in the same administrative activities or the designation of the same employees to the inspection of certain respondents leads to specialization or the accumulation of knowledge about the object of the inspection, on the other it can facilitate access to TCU employees by bidders, contractors, respondents and others who may be interested in encouraging said employees to deviate from integrity/ethical conduct.

3.1.4 BIDDING AND CONTRACTING

In an assertive manner and based on the grounds that the decentralization of these duties is a weak point in any institution - given the nature of these established rules - the employees pointed out their high degree of vulnerability and, therefore, their susceptibility to misconduct. A recent example mentioned was the bidding process for the purchase of office supplies in small quantities and at a low cost. There were no bidders in the process. Some Units have suggested that the process should be centralized (at the TCU headquarters in Brasília) to prevent local improvisations. It was argued that a nationwide contracting system would enable selecting the soundest companies, with offices

(branches) in every state and which, therefore, could be held accountable in case of problems in the performance of the contract. It is known, however, that headquarters claims that its structure is insufficient to meet these and other similar demands.

3.2   FACTORS THAT EXACERBATE VULNERABILITIES

3.2.1   REDUCED KNOWLEDGE SHARING

The low level of sharing of accumulated knowledge and recent assignments (ongoing or recently completed) observed in some Units resonates in an important fact: some do not know what others are doing and vice versa. This so-called "internal social control" would be deficient. According to the employees, this could lead to the isolation of some employees and consequently lead to temptation to misconduct. Hence the suggestion to promote technical meetings and gatherings as a way of sharing knowledge and assignments, which would also strengthen the team integration process.

3.2.2   REDUCED PROSPECTS FOR PROFESSIONAL GROWTH

In some Units there are few prospects for professional growth. There are significant wage differences between old and new employees, a situation that triggers an organizational climate that is not always favorable. There have been institutional attempts to minimize this distortion, such as by creating the senior specialist position (which implies a salary increase), but by all accounts the Units in the states have not been satisfactorily contemplated. It is also recalled that most employees who have reached the salary cap in their career have no prospects for professional growth, which is the main factor in the sometimes observed lack of motivation. This context could induce dissatisfied or unmotivated staff to become interested in activities external to the Court, which are not always advisable. It was concluded that under these conditions, misconduct (or even errors) are likely to occur. Part of the experienced employees asked for more opportunities to pass on (or share) with others the knowledge gained throughout their career.

3.2.3   BUREAUCRACY

Often the employees emphasized the formal aspects in actions taken by certain officials. Sometimes expressions such as "too much emphasis on bureaucratic aspects" were used. An example mentioned was the review of fact-findings or reports, due to their predominantly formal character, sometimes at the expense of content. According to some employees, there would be certain strictness with regard to details and minutiae related to formalities, which could, according to participants, serve as a disincentive to auditors and jeopardize the procedural progression of cases.

3.2.4   RELATIONSHIP NETWORKS

There were reports that some colleagues taught courses in the past and therefore did marketing within the TCU, as well as cases of employees who used to provide advice and consultancy to government agencies, which could be dangerous from the standpoint of integrity and ethics, given the possibility of inter-relationship with people interested in cases under the Unit's technical responsibility. The employees are unaware of current cases of this nature. However, it was suggested the need for the issue to be regulated in order to establish conduct codes and boundaries with respect to courses or lectures to be delivered, as well as to interrelations with respondents.

3.3   THE INTEGRTY/ETHICS CONTROL SYSTEM

3.3.1   AWARENESS ACTIONS ON THE TOPIC

Several employees recognized the lack of regular training courses that include the integrity/ethics topic on the Court's agenda. In the view of these people, this is a topic that can be prioritized, including in training courses for employees admitted through public entrance examinations. The participation of the TCU ethics council on the agenda of the courses was also suggested.

3.3.2   ATTITUDES OF THE UNIT'S HIGH MANAGEMENT

A low level of participation of employees (other than officials) in making decisions of collective interest was observed in some Units. An example mentioned was the discussion process for the annual plan of each Unit. A significant portion of the employees expressed the desire for more effective participation in order to bring greater transparency to management and legitimacy to the decisions.

3.3.3   EMPLOYEE RECOGNITION MECHANISMS

Although there was no consensus, the possible lack of mechanisms of institutional recognition of good performance was also one of the issues raised. According to some, the criteria are not yet very clear. At the institutional level, the suggestion was to expand the recognition mechanisms. Within the Technical Units, some suggested keeping praise given to employees in their files, giving out symbolic awards (recognition medals, buttons for the employee of the year) or other incentives, as appropriate. These initiatives, according to opinions, could help minimize the dissatisfaction or lack of motivation of some employees, as both are risk factors for possible professional misconduct.

3.4   RECOMMENDATIONS OR REFERRALS

In order to eliminate or minimize the weaknesses identified in the IntoSAINT workshops, participants submitted proposals to the Technical Unit assessed as well as referrals to areas of the Court's headquarters in Brasilia.

3.5   FINAL CONSIDERATIONS

IntoSAINT is a newly created diagnostic tool, which seeks to strengthen the integrity/ethics control system of audit institutions and minimize the influence of factors that exacerbate their inherent vulnerabilities, thus contributing to the gradual change of culture in these organizations, especially as regards the ethical values that guide the performance of their employees.

Because prevention and awareness are believed to be essential to preserve the integrity/ethics within an organization, this article seeks to make practical contributions to the employees of the Brazilian Court of Accounts (and other similar audit institutions), taking into account the fact that the findings described result from their own observations and criticisms.

For the same reasons, the findings should not be transported to the whole set of external control departments, though they may serve as a warning, including to management sectors where applicable.

REFERENCES

ISSAI 30 – CODE OF ETHICS. Montevideo (Uruguay): Comité de Normas de Auditoría de la Intosai, 1998.

MANUAL PARA LA CONDUCCIÓN DE AUTOEVALUACIONES DE LA INTEGRIDAD EN LAS ENTIDADES FISCALIZADORAS SUPERIORES (INTOSAINT). México: Comisión Especial Técnica de Ética Pública, Probidad Administrativa y Transparencia (CEPAT), 2013.

Table 1:
Recommendations and referrals

ACHADO	RECOMENDAÇÃO/ENCAMINHAMENTO
Item 3.1.1	To the competent area: Study the feasibility of including the topic of **Inter-relations with the Audited Party in Inspection Assignments** on the agenda of training courses for employees admitted through public entrance examinations.
Item 3.1.2	To the Technical Unit: Define the desired profile for trainees and outsourced personnel during recruitment (by the contracting company) in selection processes, in order to avoid hiring people with inadequate qualifications.
Item 3.1.2	To the Technical Unit: Draft and implement the confidentiality (commitment, behavior or similar) statement to be signed by outsourced employees and trainees hired for the Unit.
Item 3.1.3	To the Technical Unit: Define rotations of actions and activities among employees of the Administration Service (procurement, contract audits, etc.).
Item 3.1.3	To the Technical Unit: Promote the turnover of auditors in fact-finding procedures and especially in inspection assignments relating to the same respondent.
Item 3.1.4	To the competent area: Study the feasibility of centralizing some bidding procedures at headquarters in Brasilia.
Item 3.2.1	To the Technical Unit: Promote technical meetings and gatherings as strategies for sharing accumulated knowledge and recent assignments either in progress or completed, and strengthen the integration process.
Item 3.2.2	To the Technical Unit: Encourage the access of its employees to courses or participation in external events (e.g. workshops, lectures), as well as in other activities to boost self-worth, self-esteem and/or recognition.
Item 3.2.3	To the Technical Unit: Revisit the criteria that guide the review process (fact-findings, reports).
Item 3.2.4	To the competent area (Internal Affairs): Pay attention, during inspections or performance audits in the technical units, to cases of employees in the aforementioned situations.
Item 3.3.1	To the competent area: Study the feasibility of including topics related to **integrity/ethics** on the agenda of training courses for employees admitted through public entrance examinations.
Item 3.3.2	To the Technical Unit: Enable greater involvement and participation of employees in discussions that result in the unit's annual plan, as well as in other decision-making processes of collective interest.
Item 3.3.3	To the Technical Unit: Establish practices to recognize the good performance of employees [suggestions: keep praises in the employee's file; symbolic awards (recognition medals, buttons for the employee of the year)].
Item 3.3.3	To the Technical Unit: Study the feasibility of enhancing recognition mechanisms (scoring sources) in the "Employee's Results-based Recognition Program", as well as other ways to reward employees that make significant contributions to their Unit and the Institution.

Source: IntoSAINT Workshops