10th International Anti-Corruption Conference

WORKSHOP REPORT
Public Sector Ethics: Can Ethics Be Audited?
10 Ways an Organization Can Scrutinize Its Ethics and 10 Reasons Why It Should

Co-organized by:
International Institute for Public Ethics (IIPE)
United Nations Department of Economic and Social Affairs (UN DESA)

Tuesday, 9 October 2001: 11:00-13:30

Chair: Dr. Shabbir Cheema, UN DESA, cheemas@un.org

Co-Facilitators: Mr. Howard Whitton, IIPE, ethics@gil.com.au
Dr. Angela Gorta: NSW Independent Commission Against Corruption, Australia, agorta@icac.nsw.gov.au

Rapporteur: Ms. Elia Yi Armstrong, UN DESA, armstronge@un.org

Panelists:
1. Dr. Alan Lawton: The Open University Business School, U.K
2. Mr. Peter Salway: Victoria Public Employment Commissioner, Australia
3. Mr. Paul Mackellar: Asia-Pacific Region, Arthur Andersen, Australia
4. Mr. Kyung-Joon Jin, Anti-Corruption Committee, Republic of Korea
5. Dr. Angela Gorta: NSW Independent Commission Against Corruption, Australia
6. Ms. Alex Mills, Royal Commission on Ambulance Services Privatisation, Australia

Discussants
1. Dr. Daryl Balia: Transparency International, (Public Service Commission), South Africa
2. Dr. Key Chong Park: Office of the Prime Minister, Republic of Korea
3. Ms. Jane Ley: Office of Government Ethics, USA

Papers presented to the workshop:
1. Agreement in Evaluation, Dr. Alan Lawton, a.lawton@open.ac.uk
2. Victoria Public Employment Commission, Mr. Peter Salway, peter.salway@dpc.vic.gov.au
3. IntraSight: Mr. Paul MacKellar, paul.s.mackellar@au.andersen.com
4. Korean Anti-Corruption Legislation, Mr. Kyong-Joon Jin, kjin@post.harvard.edu
5. Four NSW ICAC Tools for Measuring Corruption Resistance, Dr. Angela Gorta, agorta@icac.nsw.gov.au
6. Investigating Impropriety As An Ethics Audit Tool, Ms. Alex Mills, millsa@masrc.org
Objectives:

The 10th International Anti-Corruption Conference (IACC) held in Prague, the Czech Republic from 7 to 11 October 2001, was organized under the theme of “Together Against Corruption: Designing Strategies, Assessing Impact, Reforming Corrupt Institutions.” The 10th IACC was intended to focus on concrete strategies for making lasting changes to reduce corruption and on devising methods for assessing the impact of such strategies. Thus, the conference placed a strong emphasis on developing practical skills and on learning lessons from a range of case studies.

Given this practical theme of the conference, the workshop on Public Sector Ethics: Can Ethics be Audited? was to focus on how to determine the ethical “health” of an organization. In so doing, the workshop intended to support managers and those who are responsible for ethics programs within organizations to be able to measure the performance of their programs and demonstrate any impacts. The rhetorical question in the title served not only to whet the curiosity of the workshop participants but also to concentrate the discussion on practical tools available at the organizational level. Taking a broad interpretation of the term “audit” to mean measurement, scrutiny or assessment in some objective fashion, the presenters and discussants shared their experience in applying or constructing these tools.

Main Themes Covered:

- basic organizational and conceptual factors to be considered in instituting a program of ethics audit
- conducting ethics audits to be more than detecting simple failures of compliance against an organization’s codified principles but also for promoting policies and practices for good management
- principles of good ethics audit in the public sector also apply in the private sector
- the need to distinguish between values, institutional requirements and actual practices in measuring the ethical climate of an organization
- who should be involved in ethics audits?
- the use of targeted, multi-layered perception surveys involving employees and clients as an ethics audit tool
- the role of web-based self-assessment surveys in encouraging response rates and the validity of responses
- public inquiries into ethical failures as an effective vehicle for re-examining the legitimacy and public support for stated ethical values and standards
- how to reconcile the need to gather information and protect privacy in carrying out ethics audits
Summary of Presentations:

The workshop began with a consideration of some basic questions about ethics audits. Dr. Alan Lawton of the Open University Business School from the U.K. reflected upon the what, for whom, by whom, for what uses, and what should it be? dimensions of ethics audits in his presentation, Agreement in (E)valuation. An ethics audit is the process by which an organization charts its ethical “health.” Before conducting such an audit, it is important to consider the objective criteria for measurement as well as comparative criteria for measurement against the performance of other organizations. Usually, ethics audits are to establish the external legitimacy of an organization. However, the more frontline workers in an organization are involved, the more their ownership of the process will increase and enhance internal legitimacy. Ethics audits can serve as judgements of past actions or a tool for furthering the development of an organization. The key to a successful ethics audit is its efforts to measure beyond mere compliance against minimal standards and include the inculcation of values of an organization. Professor Lawton then described a survey carried out in the U.K. of public sector organizations that had carried out evaluations that include ethics audit component. The survey shows that organizations are still concerned with obeying rules, competitiveness, and trying to meet targets. They also showed that there are more risks of ethical violations in an organization that embraces a “performance” culture. The survey demonstrates the need for organizations to reconcile “doing well” with “doing good.”

Mr. Peter Salway, the Public Employment Commissioner of the State of Victoria, Australia, presented the work of the Commission in auditing ethics. He explained that the work of the Commission is based on the Public Sector Employment Act of 1998. The organizational standards which the Commission looks at are determined in the Code of Conduct and the Declaration of Private Interests. Essentially, the strategy that the Commission employs is to promote ethical principles, promote better practices by “finding the people doing the right thing”, monitor the policies and practices and foster partnerships. This strategy is based on the assumption that policies and systems support principles, the application of sound employment principles helps create an ethical environment, workforce statistics should provide evidence of the application of the principles, and that employees are a source of information. The tools employed in gathering pertinent information include organizational self-assessment, payroll statistics, public service census, specific studies (organization and employee surveys) and an analysis of complaints. Consistent with promoting better practices, the Commission gives out People Management Awards, produces publications, organizes fora and site visits, runs a website of an e-Group and a on-line resource centre and prepares annual and other reports. Based on its experience, the Commission has learned that self-assessments need clear guidance, that any linkages in employee surveys should be looked at early on, workforce data should be accurate and complete, and that the role of management is important. Changes outlined for future work include focusing organizational self-assessments on ethics and management competence, a greater use of surveys, using integrity testing, building ethics training, and generally trying to improve the quality of management.

Mr. Paul Mackellar, Practice Leader for the Asia-Pacific Region for Arthur Andersen (Australia) demonstrated the IntraSight, a web-based electronic employee survey that can be tailored to address the ethical concerns of an organization, whether in the public or private sectors. Once log-in procedures have been completed, the employees continue answering a list of questions on the ethical practices of an organization. For example, there were questions addressing the organizational code of conduct and the level of observance of such a code. In general, web-based electronic surveys tend to generate more valid information than paper-based surveys as the respondents cannot go back and change their answers but must give the first response that comes to mind.

Mr. Kyung-Joon Jin of the Anti-Corruption Committee of the Republic of Korea continued with a presentation on the new Korean anti-corruption legislation that has been promulgated in
2001 and will go into force in early 2002. The Anti-Corruption Act is the foundation of the Anti-Corruption Commission of Korea, which will go into operation in January of 2002. The Act outlines the features, functions and the institutional mechanisms of the Commission. The Act comes in succession to a list of efforts by the Korean government during the last several years. Although investigations into individual cases are strong and efficient, the anti-corruption system in Korea is not well defined or coordinated. The new legislation is to remedy that situation. The new Anti-Corruption Commission will work towards building a comprehensive anti-corruption system, work with a citizens’ monitoring system, and maintain an institutional independence. Its functions will include policy initiatives, evaluation, education and publicity, cooperation with NGOs and international institutions and whistle-blowing. It will work to refer appropriate cases of complaints about the infringement of the national Code of Conduct for investigation, protect and compensate whistle-blowers, and also apply for judicial reviews of relevant cases. The success of the Act and the Commission is judged to be based on maintaining ethics on the political agenda, the implementability of the Code of Conduct, the system of the division of responsibilities, the extent of authority vested, and ultimately a high level of public support.

Dr. Angela Gorta, Research Manager, of the New South Wales Independent Commission Against Corruption (ICAC) in Australia introduced the Four ICAC Tools for Measuring Corruption Resistance. To measure corruption resistance across the public sector, the Commission uses the public sector corruption risk profile and the local government risk profile. To measure corruption resistance of an agency, the Commission employs the corruption resistance reviews and the ethical culture survey kit. The risk profile for the public sector looks at an agency’s functions that have implicit risks and measures corruption risks and corruption prevention strategies. Currently, this profile is being drawn up by sending agency surveys to about 400 agencies and a staff survey to 500 – 600 employees. With a view to detecting discrepancies between agency and staff responses, the results will be available in April 2002. For the local governments, a questionnaire was sent to 174 councils (with a 90% response rate) and one to a sample of 300 employees from 30 councils in 2000. In addition, interviews were held with General Managers, Councillors, and Audit Managers. Corruption resistance reviews for agencies include a series of questionnaires completed by an agency and assessed by the Commission. The questionnaires cover topics such as risk management, conduct guidance, internal reporting, human resource management, complaints and grievance systems, etc. The ethical culture survey kit is a tool to help individual agencies better understand their organizational cultures and promote an ethical environment. The kit is made up of a brochure on conducting a survey, paper and electronic copies of the Ethical Culture Survey, the interpretation of the results and benchmarking data, and a publication Organization Integrity – A Practical Guide to Building an Ethical Workplace.

The final presentation was made by Ms. Alexandra Mills on Auditing Public Ethics: Impropriety, based on her experience with the Metropolitan Ambulance Service Royal Commission in Victoria (Australia). Essentially, she introduced the view that an independent public inquiry can become a vehicle for a public discussion of what is “impropriety” -- especially involving behaviour in the gray zones such as negligence, incompetence, inadequacy, etc -- in an organization. The process of a public inquiry itself can constitute a part of a values-based approach to ethics while primarily remaining part of a compliance framework. In this context, “audit” means monitoring or regulating conduct by exposing a state of affairs as part of a scrutiny process while “public ethics” means the standards of conduct in the proper performance of a public function or role. The definition of what is proper performance depends on the contexts of the inquiries, is amenable to changing values, and often involves behaviour that is not specifically proscribed but nor is tolerated. The notions of proper performance are drawn from existing employment contracts, codes of conduct, public expectations and professional obligations. In public inquiries, the actual behaviour must be compared to the acknowledged desireable conduct in a fair and transparent way. Through this process, public
inquiries can contribute to capturing current ethical standards of an organization through a transparent and fair process.

Main Conclusions

- Ethics can be audited, given the proper organizational environment and conceptual tools. The outcomes not only indicate the level of compliance to standards but also can be used to improve management and employee understanding of ethical standards.

- Tools range from measuring implementation of codes of conduct, organizational self-assessments, employee and client surveys, risk profiles, corruption resistance reviews, analyses of grievance and complaint reports, web-based tools, and public inquiries into ethical failures.

- In employing these tools, it is important to balance the need for information and to protect privacy; to distinguish among values, institutional requirements and actual practices; to gauge the compliance with specific procedures and to promote overall ethical culture; and to ensure proper consultation among stakeholders including trade unions, employees, etc. to promote ownership.

- The quality of ethics audits depends on the conceptual frameworks, variables being measured, quality of information available, and other broader factors such as the strategic objectives of the organization. In addition, the conditions, the environment and the level of development of a country in which ethics audits are being carried out are also factors to be considered.