CONSOLIDATING ETHICS IN THE PUBLIC SECTOR IN TURKEY (TYEC2)

TECHNICAL PAPER

Developing ethical audits for regulating ethical standards and conduct

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1. Introduction

An ethical audit is an assessment of the extent to which an organisation meets the required ethical standards. This audit should include not just an assessment of the extent to which individuals are adhering to the ethical principles or values but also the extent to which the organisation has in place the processes and procedures to support individuals.

A good ethical audit should measure the extent to which the organisation meets its ethical obligations, help the organisation understand its strengths and weaknesses and, where necessary, provide recommendations on the way forward.

An ethical audit can achieve each of the following:
- provide an assessment of the actual culture and values of the organisation
- provide a baseline by which to track progress and/or compare with other organisations
- identify specific problem areas and ethics gaps in the organisation
- identify strengths and effective practice
- provide a roadmap for progress

An ethical audit assesses the extent to which an organisation has in place the components of an ethical environment and how well these work in practice. It follows from the above that is helpful to be aware of what are the key components of an ethical environment. These components tend to be very generic and find expression and combine in various ways to help foster ethical environments. No two organisations are exactly alike and there is no 'one size fits all' model of the components that make up an ethical environment. Individuals differ and the business of work and degree and type of exposure to potential breaches of the principles will differ.

Key components cited in the literature include leadership[1,2], independent oversight[3],[4] of the ethical environment, transparency[5], training[6], Codes of Conduct[7], communication[8] and an appropriate balance between rules and values[9]. The work being undertaken, as part of TYEC 2, to identify the components of an ethical environment will be crucial in informing the ethical audit tools to be developed for Turkey.

Finally, an ethical audit is a snapshot of an organisation at a particular point in time. Though useful it should be repeated on a regular basis to check on progress and ensure that ethics remains high on the organisation's agenda.

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[1] Greasley et al (2006) The components of an ethical environment: The final report for the Standards Board for England
[2] Demmke C and Bossaert (2004) Ethics in the public services of the European Union member states. European Institute of Public Admimistration
[3] Greasley et al (2006) The components of an ethical environment: The final report for the Standards Board for England
[4] Committee on Standards in Public Life (2013) Standards Matter. HMSO, London
[5] Greasley et al (2006) The components of an ethical environment: The final report for the Standards Board for England
[6] Demmke C and Bossaert (2004) Ethics in the public services of the European Union member states. European Institute of Public Admimistration
[7] Demmke C and Bossaert (2004) Ethics in the public services of the European Union member states. European Institute of Public Admimistration
[8] Committee on Standards in Public Life (2013) Standards Matter. HMSO, London

[9] Greasley et al (2006) The components of an ethical environment: The final report for the Standards Board for England

2. Avoiding a tick box approach

It is important that an ethical audit provides information on outcomes. There is the potential for an audit to become a tick box exercise and focus only on the extent to which processes and procedures are in place. It is important that the audit identifies the impact of these processes and procedures and assesses behaviours. The American company ENRON was recognised as having in place many appropriate processes and procedures and yet still manage to fail as an organisation.[10]

3. Who should undertake the ethical audit?

It is recommended that ethical audits have at least a degree of independence. Involving those from outside the organisation is more likely to ensure impartiality in the audit. Individuals from outside of the organisation are less likely to succumb to any pressures when making their conclusions.

It is also recommended that those undertaking the audit have some training in undertaking the audit and an understanding of the components of an ethical environment. The collection of poor data will, as is the case in any work that involves data collection, undermine the credibility and usefulness of the report and conclusions.

4. Where does the 'ethical audit' fit with existing auditing processes and procedures?

Consideration needs to be given to the extent to which the audit should be integrated into existing auditing procedures. The organisation, and its leaders in particular, need to take ownership of the findings and conclusions and responsibility for implementing any changes. It follows that the ethical audit needs to be fully integrated into the governance, reporting and decision-making structures of the organisation.

'Adding' on an ethics element to existing audit procedures would have the advantage of ensuring this integration (assuming that existing auditing mechanisms are fully integrated). However, such an approach can result in the strength of the ethical audit being diluted as it competes with other issues in the audit. A 'stand alone' ethical audit has the advantage of making it more likely that all of the issues are covered. The Council of Europe's Capacity Building Toolkit, for example, consists of two instruments – a public ethics benchmarking and improvement toll and a finance benchmarking tool.

Clearly, an organisation considering undertaking an ethical audit should give serious consideration to how the audit fits with the existing governance, reporting and decision-making structures of the organisation. This may require protocols between the various bodies and committees responsible for overlapping areas of governance to ensure clarity of roles and responsibilities.

Certainly senior staff should take ownership of the outcomes of the audit. The ethical audit could be included in an organisation's Annual Report.

5. Elements of an ethical audit

A comparison of two ethical audit tools[11] [12] reveals a number of common traits. The author of this paper was involved in the development and implementation of the latter tool, which itself took two forms – a 'light touch' approach and a full audit.

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[10] Macaulay M (2012) Ethical leadership: Workbook for Nottinghamshire County Council. Teesside University
[11] Council of Europe (2009) Capacity building toolkit

5.1 Benchmarking

Organisations can be assessed against predetermined criteria – the components of an ethical environment and also actual behaviours. This assessment can take the form of quantitative scores. The benefit of benchmarking is that it can enable an organisation to compare itself other organisations and also to measure progress, or otherwise, in its own performance over time. It is also useful to provide some narrative to explain the scores and/or identify strengths and weaknesses.

Benchmarking can help an organisation identify whether it has any policies and processes which are missing or which require improving.

5.2 Peer review

An element of peer review is useful as this enables a degree of independence, neutrality and impartiality.

5.3 Self assessment

The ethical audit should however draw upon the views of various staff members within the organisation.

A degree of self assessment is useful in that it enables the auditors to understand a) how the organisation perceives itself, b) identify any obvious problems and c) gain an understanding of any differences between different groups within the organisation.

Perhaps though the most important benefit of self assessment is that this enables the auditors to gain an indication of the ethical culture rather than just the extent to which processes and procedures are in place.

5.4 Papers, processes and people

Ethical audits involve a consideration of papers and documents (for example minutes of meetings, Codes of Conduct), processes and procedures (for example, whistle blowing procedures) and people (for example, collecting data on the perceptions of staff on the extent to which the ethical principles are valued and adhered to within the organisation). In terms of people, consideration should be given to what stakeholders should be included; as well as staff consideration should be given to the inclusion of public perceptions and external stakeholders. This combination of papers, processes and people enables a complete assessment of the ethical environment of an organisation.

Data from people can be collected via questionnaires, interviews, focus groups or workshops.

5.5 Action Plan

An ethical audit should not just provide an assessment or inspection of the ethical environment of an organisation. It should also provide solutions - a road map for the future in the form of an action plan. An action plan is important to ensure that there is a process and time-scale for implementing any agreed recommendations.

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[12] Audit Commission, Improvement Development Agency and Standards Board for England - Ethical governance toolkit: How ethical is youe governance?

5.6 Monitoring

Monitoring progress with the implementation action plan will help ensure that recommendations are followed through and that ethics is kept on the agenda of the organisation.

Undertaking an ethical audit will not, by itself, improve the ethical environment within an organisation. Rather, solutions need to be followed through and regularly monitored and reviewed.

6. Conclusion

An ethical audit can be a useful tool in identifying strengths and weaknesses in an organisation's ethical environment and providing pointers for how improvements can be made.

To maximise the use of the audit the organisation should ensure that it is fully integrated into the governance, reporting and decision-making structures of the organisation. Furthermore, an ethical audit should not be a 'one off' event; the outcomes need to be reviewed and monitors and the audit should be undertaken on a regular basis.