

# Quality, integrity and transparency

*Values shared and protected by auditors all over the world*

Ladies and gentlemen,

We're a diverse company of people here in The Hague today. There are about 80 of us all told, hailing from some 60 countries and probably speaking around the same number of languages. Some of these are languages we all speak, others are totally incomprehensible to everyone bar the speaker. I myself am not addressing you in my native language: a team of interpreters are translating my words into various languages that you may well speak quite well, but which you probably didn't learn from early childhood.

Fingers crossed that we can all understand each other.

According to both the Christian Bible and the Jewish Torah, the first people on Earth all spoke the same language. They said, "Come, let us build ourselves a city and a tower with its top in the heavens, and let us make a name for ourselves, lest we be dispersed over the face of the whole earth." (Genesis 11:4)

The tower was intended to act as a landmark, so that everyone would stay together, even though God had instructed Noah and his sons to "fill the earth" (Genesis 9:1). The building was also supposed to act as a shelter in the event of another Great Flood.

After taking a long, hard look at these industrious people, the Christian God decided that this was only the beginning of their plans and that they were actually seeking to rival Him. He punished them for their arrogance: the wind blew the tower over, leaving the people in despair amid the ruins. Many of them could no longer communicate with each other. All hope had been dashed that these peoples would join together to build a masterwork – and dashed for good. The confusion of tongues that we describe as 'Babel-like' was born. The city in which they lived was henceforth known as Babel, a name derived from the Hebrew word *balal*, meaning "to confuse".

There's also a story in the Koran of a Pharaoh who ordered a tower to be built "that he might reach the ways into the heavens - so that he might look at the God of Moses" (although the Pharaoh himself believed that Moses was a liar). This attempt to build an edifice that reached the heavens was also doomed to failure and ended in ruins (Koran 40:36 and 40:37).

The tale of the Tower of Babel has inspired many artists over the centuries – as it indeed still does today. Here in the Netherlands, the best-known painting of the Tower of Babel is that made by Pieter Bruegel the Elder in 1563. The Tower was also a popular subject for artists in medieval Flanders – hardly surprising, given that the Dutch and Flemish ports were important hubs in world trade. The sailors' homes in those days must have sounded very much like the Tower of Babel after the divine intervention.

Perhaps your experiences during this conference will prove similar to those of sailors from distant countries who put in to Dutch ports in the 16th and 17th centuries. "Everything's all so different here!" they must have thought.

Take your national flag as an example. Its meaning is most probably unique to your country. The Dutch flag is a horizontal tricolour of red, white and blue. The red band (officially described as “bright vermillion”) stands for the people, the white band for the church and the blue band for the nobility.

The same symbolism is seen in the flags of other nations, such as Croatia and France. If, like me, you’re interested in history, you may know that the red colour in the Dutch flag was in fact originally orange. The flag dates from 1572, when William of Orange was the *stadtholder* of the Dutch Republic. The orange band was a reference to the House of Orange but, because red dye was easier to obtain, Dutch ships often tended to fly a red, white and blue flag instead. Being a pragmatic lot, the Dutch simply adapted the colours of their national flag, since when it has been red, white and blue.

You may well have your own personal association with your national flag. However, I would like to invite you today to focus not on the differences, but rather on the common elements that unite us, as professionals and auditors. After all, even though the story of the Tower of Babel is often regarded as a parable of hubris (an excess of ambition) that meets with divine justice, you can also see it as an illustration of the typical characteristics of the human race.

So, what is it that unites us, as auditors of organisations that spend public money? We are united by the essential values of our discipline. We all believe that public money should be spent in accordance with certain rules and regulations.

For some of us, our daily work is all about auditing public expenditure. It’s a vital task, as these audits help to prevent public funds from being used for private purposes.

Others are more interested in efficiency: what has an organisation achieved with a given sum of money? Would there have been a cheaper way of achieving the same aim? This is important as we want public money to be used efficiently.

Yet others go even further, assessing the social impact of spending. This is a complex business: it’s a new discipline that still needs refinement. Colleagues working in this particular field are pioneers among government auditors.

Regardless of exactly what we do, we all share the same passion for the public good. We want taxpayers to get value for their money.

In short, the work performed by government auditors is a field that’s on the move. We may all do our jobs in our own way, but we all share the same common aim.

And this common aim is value for money for taxpayers. That’s what makes us so critical in our approach to the organisations we audit. It’s with this in mind that I hope that I may be a little critical about the organisations for whom you, my fellow-auditors here today, work.

I would like to share with you my experiences with three core values in our work:

- Quality and innovation
- Transparency
- Integrity

## **Quality and innovation**

How can you ensure, as an auditor, that the products you deliver are both high-quality and state-of-the-art? This is a key issue for the community of government and UN auditors. Our audits need to be thorough and our products reliable. In order to maintain a high standard, we need to be capable of constantly embracing new developments.

The most important of these lie in the field of technology: there are smart devices everywhere and they generate a massive quantity of data. We auditors have only just started to tap into the potential represented by all this data. We're not used to working with such huge amounts of data. We still need to work out what is and is not useful and how we can extract useful data from the datasets.

The blockchain is another exciting new development. If blockchains can indeed do for us what they are claimed to do, many of the manual checks we perform as part of our day-to-day work will no longer be necessary. This means that we need to find out how blockchain technology works. Only once we know how it works can we decide whether this technology is indeed as reliable as it is supposed to be. If it is, we can devote more of our energy to investigating issues of efficiency and effectiveness.

Here too, data can help us. Data analysis is a fascinating area whose potential we can explore by investing in it. In theory, data should be able to help us identify ways and means of improving our working practices. As more and more organisations digitise their operating processes, so the pool of digital data is rapidly expanding. This should enable us to compare the performances of different organisations in the future, thus allowing them to learn from each other. The same applies to international organisations such as yours.

## **Transparency**

Transparency is the second core value for auditors. As auditors, we are well-placed to perform a key role in the pursuit of transparency. Many government organisations are growing ever more transparent: rapid progress is being made, in part thanks to parliamentary pressure.

However, one of the recurring findings of our audits is that international organisations are not particularly transparent. NATO is a good example. When the Netherlands Court of Audit launched an audit into the way in which NATO spent its member states' contributions, we ran into all sorts of barriers. NATO defended itself by claiming that its data was highly sensitive.

After a long period of pressure, NATO has now decided to publish a number of audit reports. But that's not what we meant. We would like to see NATO publishing information on its primary processes. Surely there's no reason why its management expenses and suchlike should remain secret? Citizens must be able to feel confident that their money is being spent efficiently. This applies equally to international organisations that are not subject to direct parliamentary scrutiny, but whose activities are funded with public money. Transparency can help enormously to boost public confidence.

Auditors can improve the transparency of their organisations by looking for non-sensitive information that can be made public. Why is this important? There are two reasons:

1. It has a chastening effect: people behave differently once they realise that other people are looking over their shoulder.
2. Actions cause reactions: you get a response to what you publish. And the responses can easily contain information that helps you to improve your organisation's operating processes.

## **Integrity**

This brings me to the last of our shared values: integrity. Our audits often tend to revolve around the ethics of other people's behaviour, but how critical do we dare to be about our own behaviour? It's often difficult to talk to people about integrity issues: their position can easily be clouded by other values, such as loyalty to managers and their organisation.

The international association of supreme audit institutions uses a self-assessment tool called INTOSAIN'T to investigate its own standards of integrity. All over the world, INTOSAIN'T ambassadors are now systematically asking the same questions of colleagues in their own countries. What's going on in our organisation? What sort of behaviour meets our standards of integrity? What sort of behaviour does not?

This is a crucial point. Some of our colleagues have discovered that certain items of personal spending have been funded with public money, which is clearly not as it should be. But what should you do if your manager then politely requests you to leave this out of your report? In other cases, colleagues are required to do their jobs in difficult circumstances and in remote regions. But what if they're offered a dinner and a stay in a smart hotel? Is that ethical? You can only find the answer by talking to your colleagues. The key lies in a willingness to be open about the dilemmas with which we are confronted and the ways in which we deal with them.

In helping auditors to raise the issue of integrity with their colleagues, INTOSAIN'T helps to boost the integrity of audit institutions around the world. You, too, may find it a useful tool. After all, in international organisations staffed by people from all sorts of different countries, it's even more difficult to decide on what is and is not ethical behaviour than in the case of organisations whose staff come predominantly from one and the same country. That's where a systematic tool can come in handy.

Which brings me back to the aim of this meeting. I hope that I have inspired you to start a dialogue with each other. You may find it difficult at times. After all, the destruction of the Tower of Babel meant the end of a single, shared language.

But perhaps that's not as bad as it seems. Human language is wonderful in all its diversity. Where one language is almost poetic in the wealth of opportunities it affords for expressing yourself, another is magnificently systematic in its structure, its grammar almost mathematical. The diversity of human language need not necessarily impede the mutual learning process.

On the contrary, it forces us to search for common elements and values. Values such as quality, transparency and integrity.

Ladies and gentlemen, all our organisations use similar systems for automating tasks and collecting data. Link them up and, almost inevitably, you will make new discoveries. You are used to working

amid a confusion of tongues. Your organisations are capable of becoming far more transparent and sharing many more datasets with the outside world.

In short, there's no better place or time to embark on this process than here and now. May I invite you, as auditors of UN organisations, to start on your own building project?