

Hey! What's New? 2024-126

Using Performance Audit to Assess an Organization's Efforts to Prevent Corruption

An article on the Canadian Audit and Accountability Foundation's webpage, written by John Affleck, says that "corrupt conduct can take many forms including: conflicts of interest taking or offering bribes, misuse of public funds, dishonestly using influence (influence peddling), bid-fixing, blackmail, fraud, theft, embezzlement, tax evasion, forgery and nepotism and favouritism."

Affleck adds that "the audit profession aids public sector organizations in achieving accountability and integrity, enhancing operations and fostering public trust. In order to prevent and identify public corruption, one of the responsibilities of the public sector auditor is to act as an organization regulating how public sector organizations behave, particularly with relation to public funds."

The article notes that it has been demonstrated that auditing is a crucial component of fighting corruption in the public sector, and auditors and the audit profession, in general, plays a vital role in lowering fraud and corruption. This, Affleck says, "also supports the idea that improved public sector auditing appears to have a substantial impact on lowering overall corruption levels in a country. Governments should create effective auditing systems that can be utilized for checks and balances as well as for fraud detection. Such systems should aid government auditors in spotting corrupt practices and preventing major potential economic deficits."

Conducting performance audits can help to lessen corruption by acting as deterrents to such behaviour. Thus, he notes, "performance audits can be a unique and effective tool for preventing corruption. However, it is important to keep in mind that while auditors can identify potential areas for corruption, they may be unable to assist in its detection because corrupt individuals frequently hide any evidence of their actions in official records."

In 2023, the government of Canada completed a review and analysis of select approaches and methods to prevent corruption. The review, Affleck points out, "describes methods commonly used to prevent corruption both within Canada and globally and provides a comprehensive summary of methods commonly used to prevent corruption in both the private and public sectors. The review also provides insight on which preventative methods have empirical value and demonstrated effectiveness."

The review concludes with a summary of the evidence in terms of the effectiveness of the anti-corruption method that could be employed by an organization. Affleck says that, "at the top of the list were: tone at the top, ethics and anti-corruption training programs, a robust audit function, merit-based recruitment, and E-government.

Check it out at [Voices from the Field - Canadian Audit and Accountability Foundation \(caaf-fcar.ca\)](https://www.caaf-fcar.ca).