



Auditdienst Rijk
Ministerie van Financiën



On auditing culture why, what & how

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Central Government Audit Service
The Netherlands

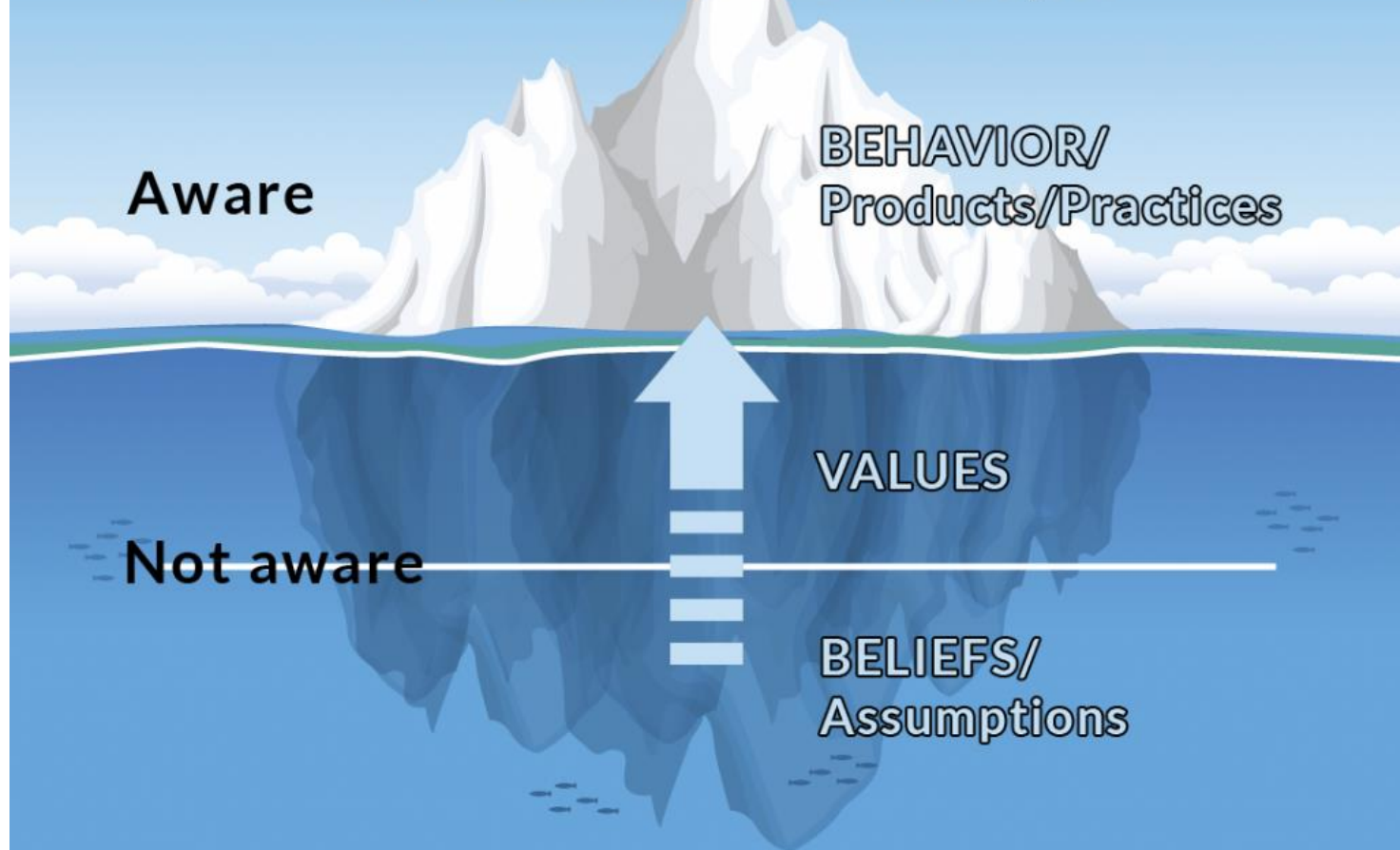
Ljubljana October 15th 2019



What advice about
how to be successful
in your organization
would you give
to your best friend?



The ICEBERG Principle





About the Dutch Central Government Audit Service (CGAS)

- Established in 2012
- Combining strengths of the ministerial audit departments
- Supervised, coordinated and monitored by ministry of Finance, independently positioned and working for all 12 ministries
- Center of excellence for public government auditing





Capacity

> 600 employees

- 60% Financial Audit (accountancy)
- 40% IT-audit or Operational Audit





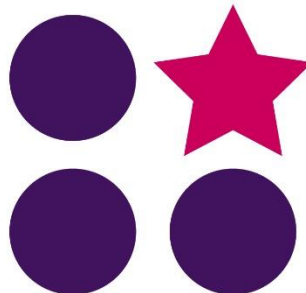
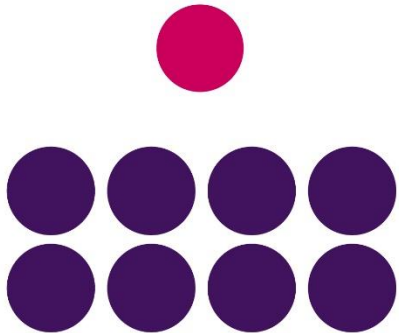
Our focus



1. Is tax payers money dealt with in a sound way?
2. How can the government organisation be improved?



Our Core Values:



INDEPENDENT, PROFESSIONAL and COMMITTED



7 years of building a new culture together



Collective education and knowledge sharing



7 years of building a new culture together



Hiring and investing in young professionals (Class of 2019)



7 years of building a new culture together



Creating collective memories





7 years of building a new culture together



The traditional tug-of-war at our Summergames



What is culture?

A set of ideas, artifacts, customs & behaviours of a particular group, people of society.

For safety, belonging and mattering.

“This is why and how we do it here.”





Why focus on organisational culture and behaviour?

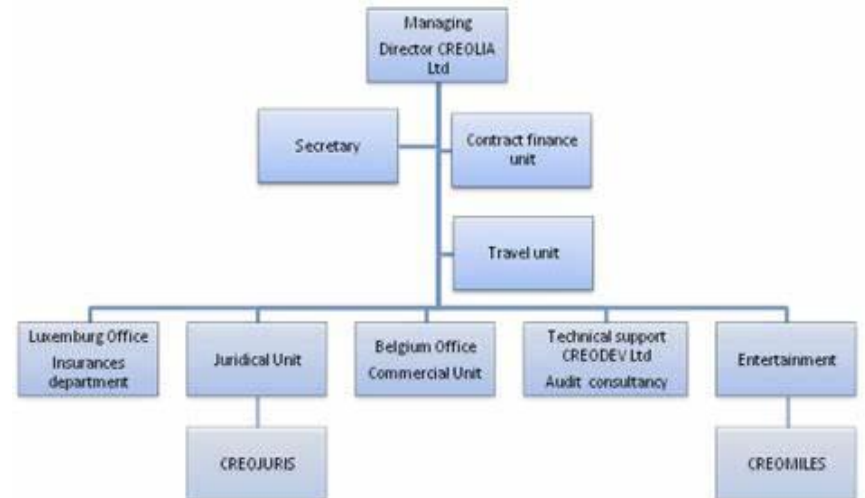
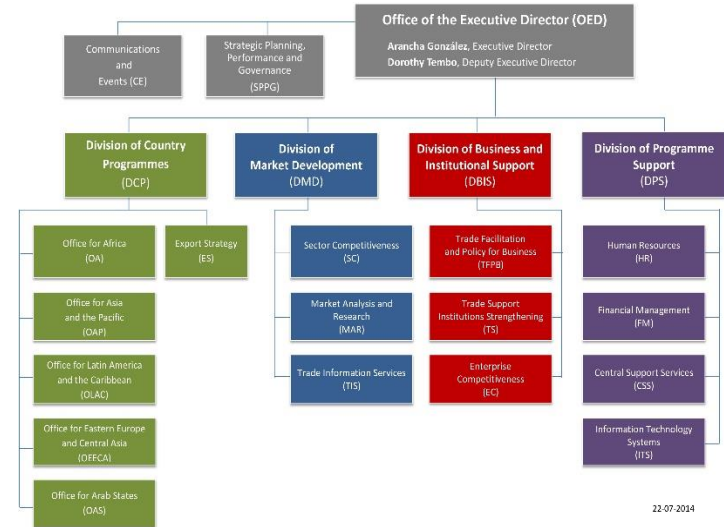




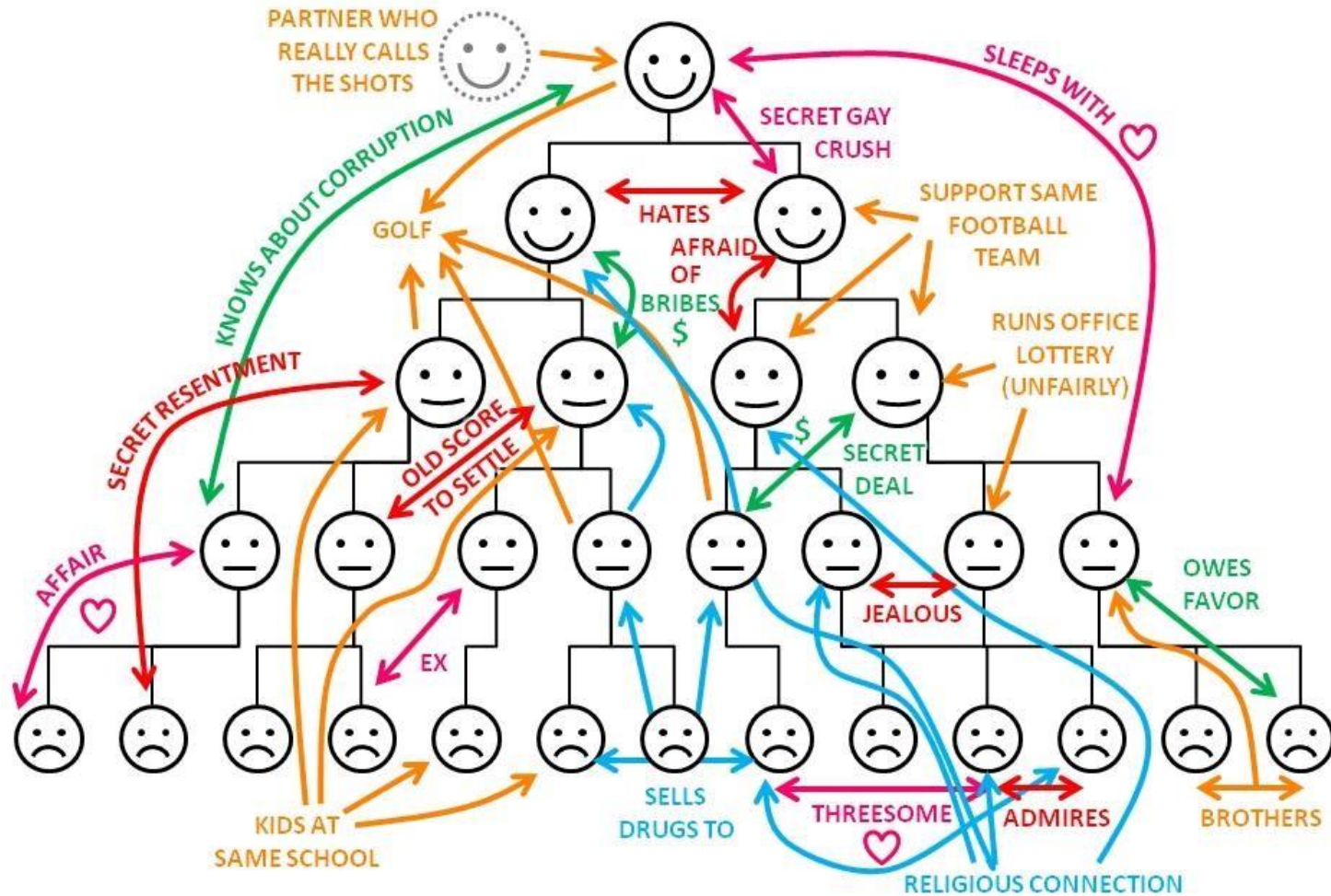
'Culture
Eats
Strategy
For
Breakfast'

- PETER DRUCKER

Theory...



...and practice





*"If men define situations as real,
it is real in it's consequences"*

Thomas Theorem 1928

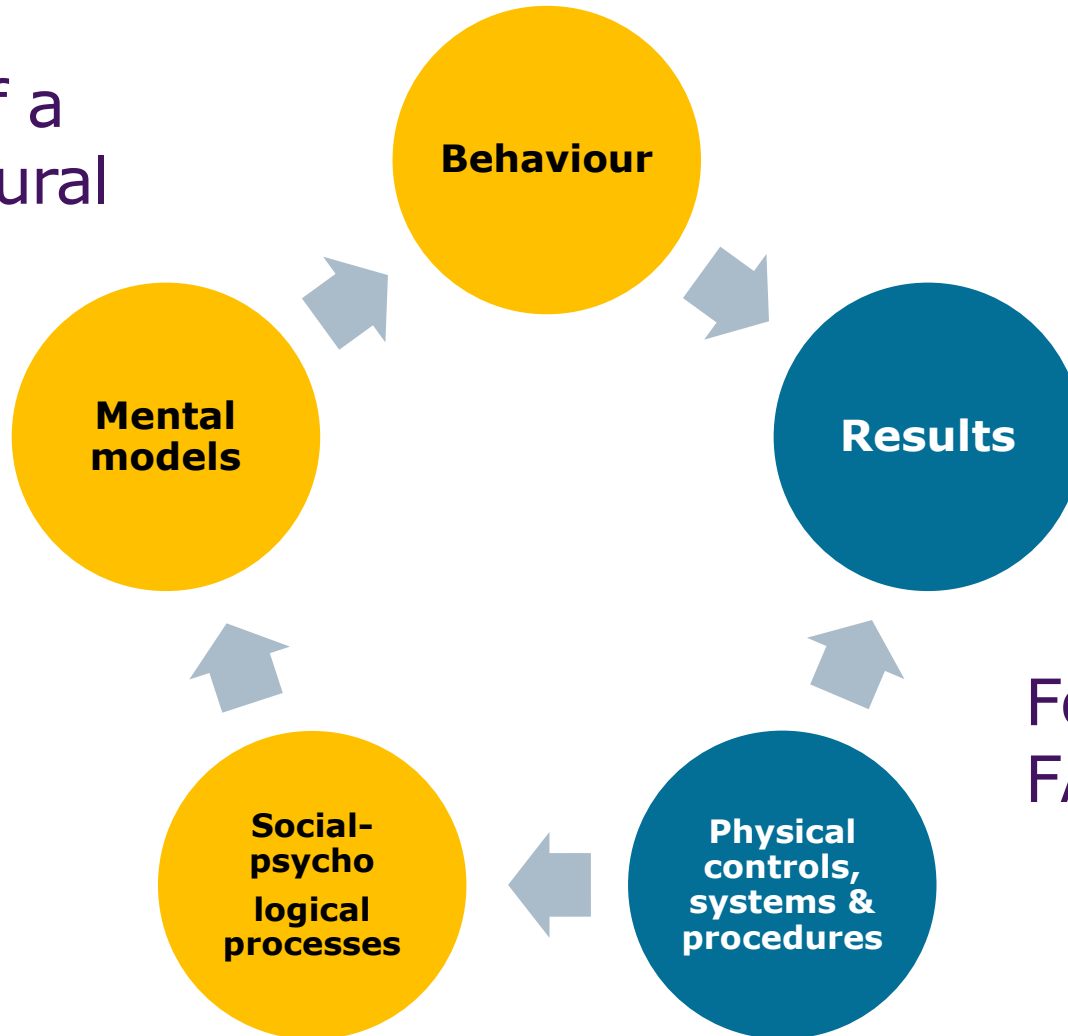


Needs of our clients

- What is really happening?
- What are the effects on our goals?
- Why does it happen this way?
- How can I influence it?



Focus of a
behavioural
auditor



Focus of a
FA/IT auditor

Examples



Ministry of Finance

“There is a lot of classified information in the Ministry.
Are there any behavioural risks?”

What is the attitude and behaviour of employees towards certain classified information?

- Knowledge of policy
- Attitude
- Risk perception
- Group norms
- Sanctions and rewards
- Behavioural routines
- Personal opinions





Council of Ministers

Bribery scandal within the ministry of Defense and the National Police



“What are the odds this could happen again?”



What are the conditions for ethical behaviour at procurement processes?

Which formal conditions are seen as effectively implemented?

- organisational structure
- work flow processes
- people (education, awareness training, second jobs, oath, information access)

Perceptions and experiences

- What is actually rewarded
- Who is powerful formally and informally
- Motivations
- Dilemmas
- Integrity breaches



Ministry of Infrastructure and Water Management

The modernisation of the Environment and Planning Act involves many public stakeholders.

**To which extent does the collaboration proceed as planned?
Are there opportunities for improvement?**

Success & fail factors in 5 categories:

- Ambitions
- Interests
- Relationships
- Organisation
- Process





Ministry of Interior – National Real Estate Office



€250
Million

3000 workplaces for 6000 employees



Award winning design



Smart working concept: brick, bytes, behaviour



User satisfaction is very negative.

"Horror ministry"

"Floors are not strong enough"

"Windows likely to fall out of brandnew mega ministry"

"Civil servants criticize new office building"

"Not enough workplaces, no privacy, bad ambiance"

Why?

And what can we learn for future projects?



Directorate-General of Public Works and Water Management

“We need to speed up with the external changes and developments. How can we do that?”

What are the most motivating circumstances for employees to share their knowledge with each other?

Appriative inquiry approach
Categorising
341 successful examples
138 unsuccessful examples

Waardering





Ministry of Defense, Royal Air Force

“We want to speed up innovation and get rid of unnecessary regulations.

So why is the deregulation process stagnating and what can we do about it?”

35 interviews

“Unwritten rules of the game”-

Framework:

- drives
- influencers
- reward system



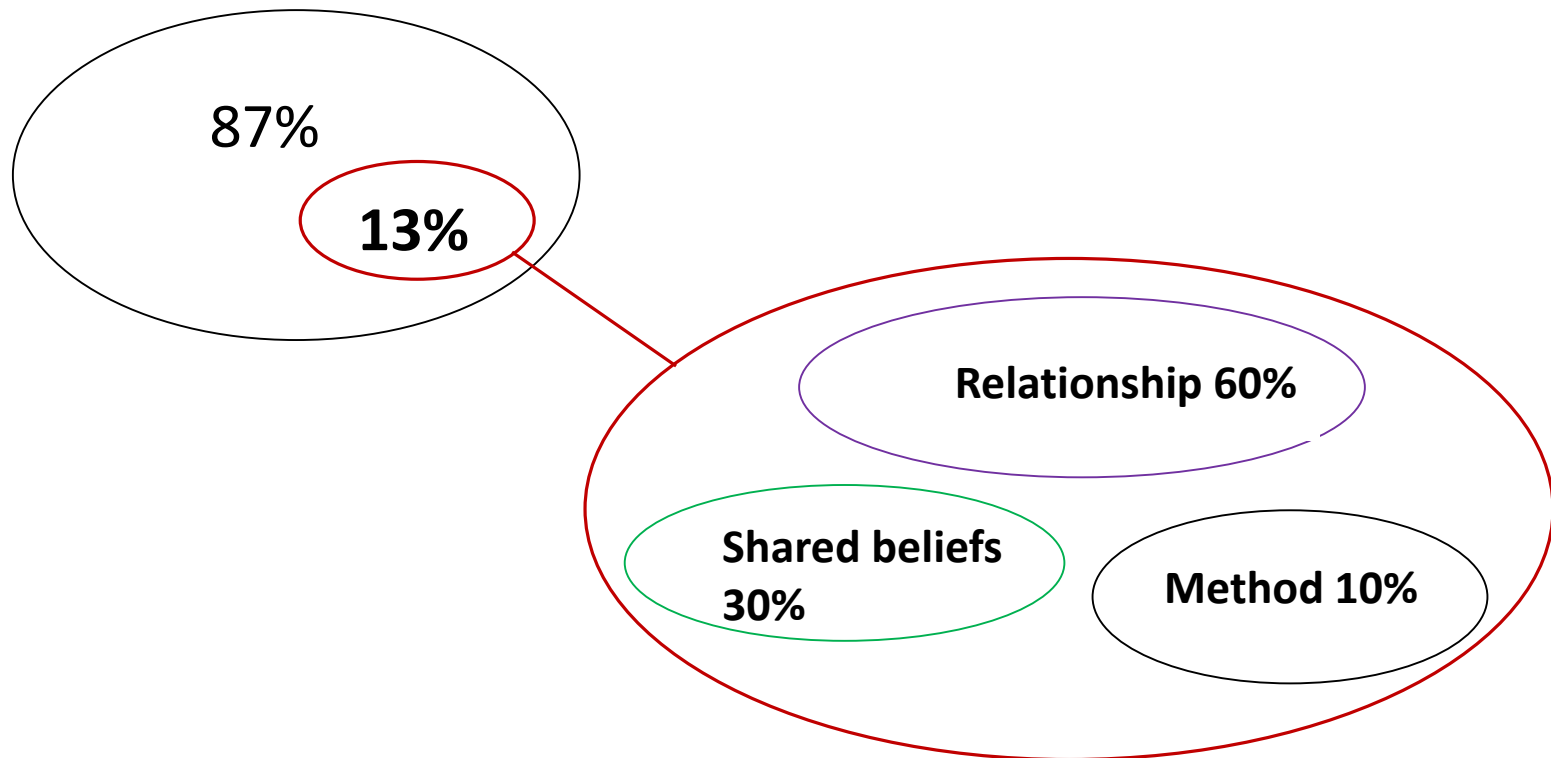


From a behavioural perspective

- Research is not about how the organisation should be, but how it actually functions and is experienced
- Frameworks from social sciences provide sensitizing concepts, fail and success factors, norms and indicators
- Behaviour can be observed and talked about and leaves digital traces
- No objectivity. Intersubjectivity is what you strive to achieve
- Auditor offers no assurance, but gives insights to relations between behaviour, causes and effects



Successfactors



Source: Marijke Spanjersberg



How to give good recommendations?

Focus on change, not paper:

- Diagnosis, diagnosis, diagnosis
- Involve stakeholders by communication and co-creation
- Prioritize
- A picture paints a thousand words
- Include the client in the picture



What does it take to be a behavioural auditor?

- Loves people including their imperfections
- Is able to observe and perceive accurately: seeing, hearing, feeling
- Has excellent communication and advisory skills
- Has self-awareness and is self-reflective



A behavioural auditor

- Is familiar with concepts from social sciences
- Has knowledge of and experience with research methodology and techniques
 - surveys
 - observations
 - focusgroups
 - workshops
 - interviews
 - data collection on formal context variables



What can you do now?

- Look at the formal and informal rewards systems
- Ask open questions
- Listen to your gut feeling
- Get inspired by reading a few books on culture and behaviour
- Get inside experience



*Thank You
For Your Attention*





More information:

Central Government
Audit Service (ADR)

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Book recommendations

Christine Comaford: Smart Tribes

Danielle Brown: The Corporate Tribe

Judith Glaser: Conversational Intelligence

Leandro Herrero: Viral Change



Strategic questions when initiating cultural auditing

Goal: learning & development or judgement?

Focus: broad (cultural research) or narrow (behavioural risks)?

Team: dedicated or an audit activity on the side?

Expertise: social scientists or accountants with a training?

Communication with client: by behavioural auditor or signing accountant?

Commitment of client: on demand or part of statutory task?



Have sponsors at top level







1. Which unwritten rules are influencing the deregulation process?
2. What are the positive and negative effects of the most powerful unwritten rules?
3. What are the root causes of the existence of these unwritten rules?
4. Which interventions can enforce the positive effects and diminish the negative effects?



Ideas about cultural/behavioural audits

We don't have a norm

You can't measure behaviour

Results of behavioural research are 'butter soft'

Data based on interviews are unreliable

Judgments about behaviour are impossible

(Source: Inge van der Meulen and Jan Otten, 2011)



Findings

- Knowledge:

Interviewees didn't know there was an official assignment from Headquarters to deregulate

Attitude:

- Several air force bases were nevertheless withdrawing certain local regulations

Subjective groupnorm:

- 5 different definitions of 'deregulation' in use



Findings

Problem perception:

- The amount of regulations was not a problem. Safety rules were widely accepted. Rules due to centralisation of business operations were experienced as hindering.

Behavioural effects on management insights

- Because of many work-arounds (“can-do mentality”) the total burden of the bottlenecks was not visible for top management.

By-catch

- The new mission of innovative entrepreneurship hadn’t landed yet in the organisation, but the value of entrepreneurship was well supported

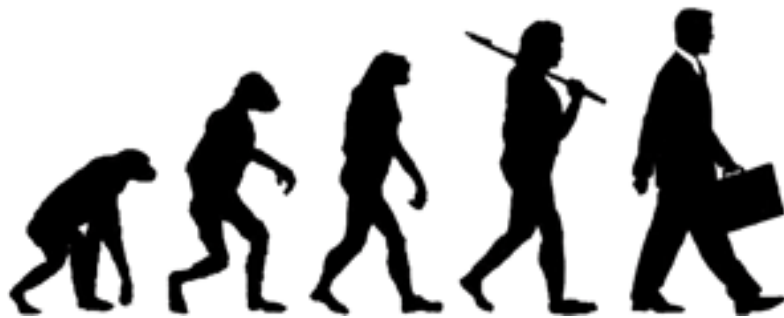


The auditor-client relationship

Client typical	Complaint typical	Visitor typical
There is a shared goal to work for together	There is a jointly defined problem	There is no jointly defined problem or goal (“I have been sent”)
They see themselves as part of the solution	They don't see themselves as part of the solution	
They are willing to make efforts		



The Human Dimension of Organizing



Status

Certainty

Autonomy

Relatedness

Fairness

Which primal drivers are affected by initiatives for change and help us understand the reactions of people?



Developments of recent years

- **Organisational:**
 - Investing in professional quality
 - Internal rotation
- **Services**
 - Integrating FA and IT (data-analytics)
 - Cultural/behavioural audits and research
 - Communicative Riskmanagement (advisory and dialogue facilitation)
- **Reporting & communication**
 - Use of infographics
 - Client events (sharing knowledge with our stakeholders)
 - Disclosure of audit reports (ministerial regulation 2016)



Our Clients

Ministerial Clients (and subordinated bodies)

- Ministers
- Secretaries-General
- Deputy Secretaries-General
- Directors-General
- Directors



Inter-ministerial clients

- Interdepartmental Commission Operational Management (ICBR)



Geographical spread

CGAS has offices in:

- The Hague
- Utrecht
- Zwolle
- Apeldoorn
- Groningen





Organizational structure that allows flexibility

