



Preventing Corruption in Practice


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Corruption prevention in public administration

Corruption prevention in public administration:

- ❖ ‘Soft’, qualitative approaches
- ❖ Structured and formalised approaches
- ❖ Mixed approaches




'Soft', qualitative approaches




- ❖ Codes of ethics
- ❖ Anti-corruption education
- ❖ Fragmentary organisational solutions

What is missing:

- Verification of safeguards for effectiveness
- Specific rules of conduct
- Systematic risk analysis
- Solutions which guarantee a periodic review of solutions that have been implemented




Components of an anti-corruption system




The key elements of a formal anti-corruption system include, in particular:

- ❖ Requirements concerning **ethical leadership** related to internal communication, promotion of ethical attitudes, building the image of an ethical organisation;
- ❖ Expanding the scope of **internal audits** by adding issues related to the operation of an anti-corruption system;
- ❖ Implemented **rules and mode of conduct** in cases when corruptive actions occur;
- ❖ **Educational activities** targeted at the personnel with respect to ethics and corruption prevention.




Components of an anti-corruption system




The key elements of a formal anti-corruption system include, in particular:

- ❖ **Anti-Corruption Policy** – a separate document which is part of formal documentation regulating the operations of the institution;
- ❖ **Corruption Risk Analysis** covering identification of risks and the level of likelihood of their occurrence, and the related consequences for all processes identified in the institution;
- ❖ **Systematic Audit Procedures** applicable to anti-corruption safeguards, and monitoring of processes prone to the risk of corruption;
- ❖ **Management procedures** separated in the organisational structure, coupled with system supervision.

- ❖ **Quality Book** containing elements related to anti-corruption policies (key documents of the system, a list of legal acts which entail the corruption risks with respect to the institution's activities);




Structured and formalised approaches




Procedural solutions introduced by the organisation's management, for instance:

- ❖ Guidelines for actions to be taken in cases of corruptive situations or suspected unethical or illegal conduct,
- ❖ Procedures to verify assets declarations,
- ❖ Bylaws to prevent conflicts of interest,
- ❖ Solutions which specify general legal solutions regarding public procurement,
- ❖ Regulations concerning additional employment,
- ❖ Rules of contact with lobbyists,
- ❖ Personnel recruitment and promotion procedures.




Components of an anti-corruption system




Risk analysis

Risk mapping – possible irregularities in selected areas of public administration operations

- **RISK** – an accumulated outcome of the likelihood of uncertain events which may have either an adverse or a favourable effect on the performance of an organisation.
- Three key risk components:
 - **Event** (description of circumstances accompanying the event where we see risk)
 - **Likelihood**
 - **Severity** (impact)

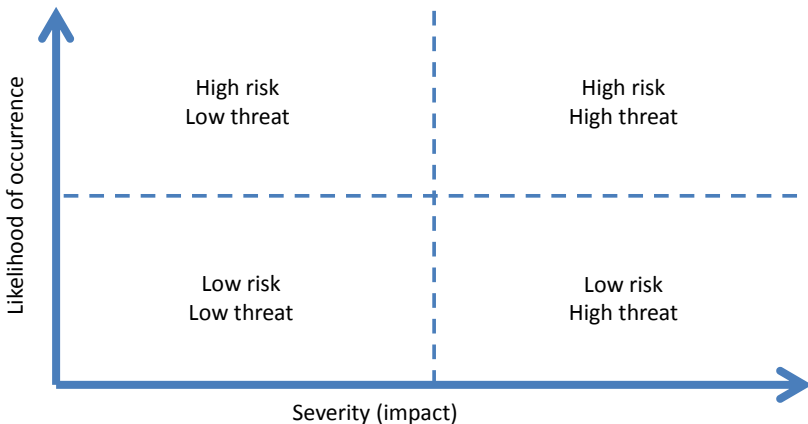


Components of an anti-corruption system



Risk analysis


RISK MAPPING:




The diagram is a 2x2 matrix with 'Likelihood of occurrence' on the vertical axis and 'Severity (impact)' on the horizontal axis. A vertical dashed line separates the left and right halves, and a horizontal dashed line separates the top and bottom halves. The four quadrants are labeled as follows:

Likelihood of occurrence	Low severity (impact)	High severity (impact)
High likelihood of occurrence	High risk Low threat	High risk High threat
Low likelihood of occurrence	Low risk Low threat	Low risk High threat

The likelihood of a corruptive event and the scale of its impact are independent of each other. In other words, a reduced likelihood of an event does not reduce the scale of its impact once it occurs.



Components of an anti-corruption system



Risk analysis


Risk analysis concerns processes occurring within the organisation

Areas to be included in risk mapping can be identified on the basis of the following criteria:

- The **scope** of the occurrence (does it affect elements of operations in public administration units or does it relate to the broad spectrum of their activities?)
- **Frequency** of occurrence
- **Possible impact**: Scale of potential financial and material damage (resulting from unethical or corruptive conduct)




Components of an anti-corruption system




Risk analysis

Examples of risk areas (within the sphere concerned):

- Cash transactions,
- Decisions on expenditures made by individuals or groups of employees,
- Awarding contracts to suppliers/external contractors,
- Giving individuals or groups of individuals the opportunity to use limited services or resources,
- Ensuring freedom to staff members in making decisions to award subsidies or benefits,
- Making decisions concerning the selection of the place where a service is to be performed,
- Making decisions concerning employment and/or staff's promotion,
- Making decisions that may affect individual careers in the long run.



Components of an anti-corruption system




Risk analysis


The following factors may accompany the **likelihood** of risk:

- Existence or absence of competition, e.g. there is a need to purchase a service, place an order, employ a specialist, obtain specific performances,
- Size of funds being expended,
- Existence of disputable issues,
- Existence of complaints in the past.

Development and implementation of procedures which reduce the likelihood of risk **would not eliminate risk completely**, which is why it is important to have constant internal control mechanisms.




Components of an anti-corruption system




Risk analysis

Impacts of risk occurrence:

- **Financial impacts**, including costs of fines and penalties imposed (in some cases they may be imposed both on individual staff members and on the organisation as a whole),
- **Legal consequences**, including the likelihood of litigation against the organisation and/or individual staff members responsible for taking the disputed decision,
- **Loss of prestige and trust** in the organisation as a result of complaints,
- **Loss of trust** among key partners of the organisation.




Components of an anti-corruption system




Risk analysis

Risk elimination and reduction:

- Developing and implementing detailed **procedures** to be applied by staff members,
- Defining the **decision-making criteria** before a tender is announced for the award of a contract for services, or works, or a competition for a position,
- Enlisting **acceptance of decision-making criteria among staff members** who make decisions of a specific kind (in this context, it is important to avoid reinforcing bad practices),
- **Separation of assessment and decision-making**, for instance in a way that people who are responsible for assessing tender bids do not decide on awarding a specific contract,
- Defining rules and procedures for staff to report cases of corruption risks.




Components of an anti-corruption system




Risk analysis

Risk elimination and reduction, contd.:

- **Training** people who are responsible for decision-making concerning policies and procedures for adhering to ethical standards,
- Developing and implementing a **system to control decision-making**; one good solution might be to hand over the control to a third party,
- **Gathering opinions from stakeholders** (e.g. contractors, candidates for a position who were ultimately not hired, or bidders whose bid was not accepted) on whether the procedures were applied fairly,
- Developing and implementing an **open procedure to file and examine complaints** in order to ensure that the competent staff members from the organisation are independent in their decision-making.
- Introducing procedures (rules) of **whistleblowing** in the organisation.



Components of an anti-corruption system




Risk analysis

An example of a risk assessment scale:


- Assessment of risk likelihood (sample scale):
 - 1 = highest; 0.75 = serious; 0.5 = moderate; 0.25 = low; 0.1 = negligible.
- Organisational impact assessment:
 - 1 = very serious; 2 = serious; 3 = noticeable; 4 = negligible; 5 = hardly any

The criteria for using scores should be precisely defined!

Score	Assessment
1	Negligible , i.e. occurrence of a threat will have no impact or only a marginal impact
2	Insignificant , i.e. there might be consequences related to delays in task fulfilment or challenging the reputation of the organisation.
3	Considerable , i.e. there are possible consequences related to undermining the organisation's reputation or trust in the organisation, or significant delays in the fulfilment of tasks, or mild financial consequences.
4	Serious , i.e. financial and legal consequences or consequences related to loss of reputation and trust in the organisation are possible, or its tasks and goals will not be achieved
5	Very serious , i.e. serious financial and legal consequences are possible or strategic tasks and goals will not be achieved or the organisations reputation will be damaged




Components of an anti-corruption system




Risk analysis

An example of a risk assessment checklist (risk mapping):


Circumstances	Risk likelihood	Impact on the organisation and/or its administrative unit	Necessary steps
Recruitment/promotion			
Decisions on contract awards			
Cash transactions			
Access to services			
No decision-making procedures/criteria			
No procedures to file and examine complaints and/or to exchange information with stakeholders			
Pressure from someone within or outside the organisation, aiming to ignore the existing procedure			
Other types of risks (<i>please specify</i>)			




Advantages of formal anti-corruption systems




- ❖ A focus on **prevention** (risk reduction)
- ❖ Regular audits and checks of the system
- ❖ A **defined response procedure** in case of a corruptive event
- ❖ Good tools for risk identification
- ❖ Parametrisation of risk assessment
- ❖ **Comparable outcomes**
 - If a uniform system is adopted, this allows organisations to develop effective instructions for its introduction, prepare external advisors/consultants as well as internal and external auditors.




Weaknesses of formal anti-corruption systems



- ❖ **Inside the institution**
 - Easy transition from new to routine (in risk assessment).
 - Underdeveloped response procedures in the case of risk.
 - Limited participation of external stakeholders, which, among others, has the following effects:
 - Propensity to neglect certain risks
 - Underestimation of risks in the risk assessment process
- ❖ **Systemic barriers**
 - No common European standards ;
 - Many countries lack good guidelines and risk assessment tools, which means their risk assessment systems are underdeveloped.




Structured and formalised approaches




Introduction of the CAF

- Adoption of **TQM rules** in the organisation of administration unit,
- Utilization of **self-assessment** by public organisations to obtain diagnosis and efficiency-boosting measures
- Bridging various models used in quality management, both in the public and in the private sector
- Facilitating the benchlearning process, i.e. learning by benchmarking across public sector organisations




Structured and formalised approaches




Introduction of CAF

- Potential (criteria: leadership, strategy and planning, staff, partnership and resources, processes);
- Results (criteria: results in relationships with customers/citizens, results in relations with staff members, social impact, key outcomes)
- **CAF is not a tool to prevent corruption** but it may play an auxiliary function in identifying threats and it may also prepare staff and the organisation for the introduction of complex corruption-prevention solutions



Structured and formalised approaches




Self-assessment tools + improvements plans


CoE Public Ethics Benchmark

6 chapters:

1. Status of local elected representatives
2. Funding of political parties, political associations and individual candidates local level
3. Control and audit of local authorities
4. Status of local public servants
5. Transparency, administrative procedures, anti-corruption campaigns and evaluation
6. Local authorities' relations with the private sector



Structured and formalised approaches



CoE Public Ethics Benchmark

first developed in 2006 by the CoE's Centre of Expertise for Local Government Reform on the basis of the Handbook of Good Practice on Public Ethics at Local Level

- ❖ **The European Score Card for public ethics at local level** - a structured list of statements about public ethics - **the starting point** for the preparation of a National Benchmark
- ❖ helps to identify **strengths and weaknesses** - to identify the basic ethics framework at local level
- ❖ elaborated National Benchmark includes average scores of participating municipalities - constitutes the **yardstick against which each municipality can be measured**, either by self-assessment sessions, or peer reviews.




Structured and formalised approaches



Similar approaches used:

- Institutional Development Programme (PRI) - Poland


- Self-assessment in five areas of governance:
 1. Leadership and strategy,
 2. Human resources management,
 3. Management of human capital in the organisation,
 4. Partnership,
 5. Management of public services.




Mixed approaches



- ❖ Approaches where **there is no integrated, structured corruption risk management system**, yet some institutionalised, **permanent elements have been implemented to counteract corruption or to monitor corruption risks.**



Mixed approaches



Example: Anti-Corruptive Procedures Bureau

(Polish Ministry of Defense)

Responsibilities of the Bureau:

- Identify existing corruption threats and mechanisms;
- Analyse identified corruption mechanisms;
- Develop solutions to prevent and combat instances of corruption;
- Monitor the implementation of approved procedures and solutions;
- Conduct and organise training on transparency of procedures and systemic solutions;
- Give opinions and consultations on specific cases or proposed solutions from the perspective of transparency, good management and prevention of corruption-related pathologies;
- Review draft legal acts for transparency and potential corruption threats within the co-ordination procedure;
- Supervise procurement processes.



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Thank You for attention!