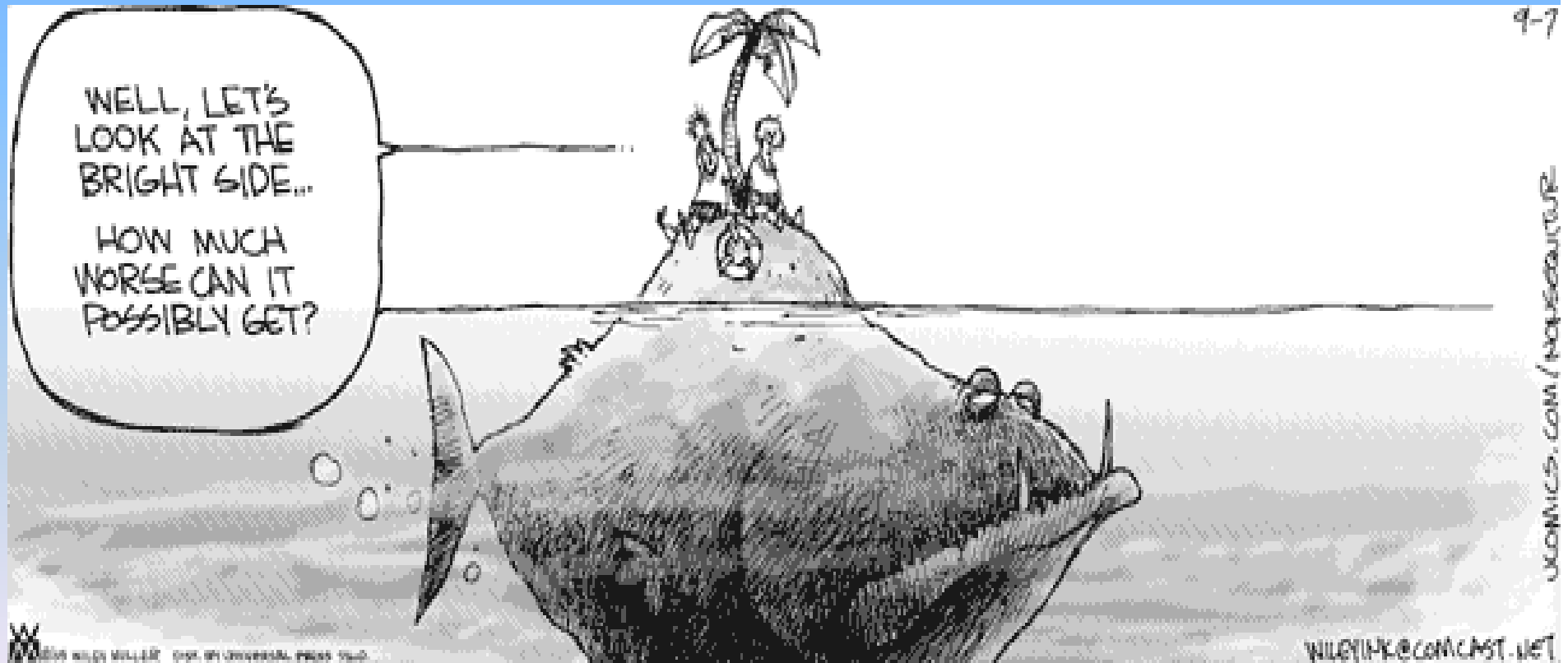


# **International experiences in fighting corruption: Reforming the national audit and inspection systems**

Stuart C. Gilman, Ph.D.  
June 2013 – Tunis, Tunisia

# Preventing Corruption: Why it is Important



# What are Audit and Inspections Systems?

- Different terms in different parts of the world:
  - Audit, investigation, inspections, controllers, anti-corruption agencies, integrity offices, compliance offices, ethics agencies.....
  - Differences even within terms:
    - Audit: Financial, management, compliance
    - Inspection: Criminal investigation, management audit, groups that investigate statistical trends that could lead to corruption
- What do they all have in common?
  - Systems that are designed to prevent, detect, investigate or prosecute fraud and corruption.
  - Successes and failures

# Embodied in International Treaties Such as Article 6 and 36 of UNCAC

- ARTICLE 6 in the CHAPTER ON PREVENTION
- 1. *...ensure the existence of a body or bodies, as appropriate that prevent corruption by such means as:*
  - *\* Implementing the policies referred to in article 5, overseeing and coordinating the implementation of those policies; and increasing and disseminating knowledge about the prevention of corruption.*
  - *\* Grant the body or bodies the necessary independence to enable the body or bodies to carry out its or their functions effectively and free from any undue influence; and the necessary material resources and specialized staff, as well as the training that such staff may require to carry out their functions, should be provided.*
- Article 36: in the CHAPTER ON CRIMINALIZATION
- *... ensure the existence of a body or bodies or persons specialized in combating corruption through law enforcement. Such body or bodies or persons shall be granted the necessary independence to be able to carry out their functions effectively and without any undue influence. Such persons or staff of such body or bodies should have the appropriate training and resources to carry out their tasks.*

# CASES OF REFORM:

## Varies Widely by Country

- **Brazil**
- **Indonesia**
- Slovenia
- **Hong Kong**
- South Africa
- **New Zealand**
- United Kingdom
- Morocco
- United States

# Brazil


- Authoritarian military dictatorship from 1964 to 1985
- 15 years of corrupt “democratic” government
- In 2000, increased the stature of the CGU (comptroller’s office) to the level of ministry (Audit and Anti-corruption)
- Geography
- Minister Jorge Jage – former judge, public administrator
  - To strike the proper balance between preventive and repressive measures
  - To disseminate the idea of transparency within the public service
  - To sell the private sector that “fair play is good business,” not a competitive disadvantage
  - To overcome deep-seated legal interpretations of the law that hinder anti-corruption

# Brazil 2

- CGU's Role:
  - To enhance public management by offering guidance and support
  - To foster cooperation with other control, investigation and prosecution agencies
  - To increase transparency
  - To stimulate social control (citizen participation)
  - To expand international ties and exchange of experiences

# BRAZIL CGU PORTAL


300 debarred and 1188 suspended firms




Presidência da República

Controladoria-Geral da União - CGU

Destaques do Governo



UM PAÍS DE TODOS



PORTAL DA TRANSPARÊNCIA

Saiba como o Governo Federal aplica o dinheiro público

Fale conosco | Glossário | Perguntas Frequentes | Links

CONSULTAS: Transferências • Gestões Diretas • Convênios • Empresas San

em dos Dados • Aprenda

cial

Firm's identification

Identification of the Public Body responsible for the sanction

State

Source of information

LISTAGEM DAS EMPRESAS INIDÔNEAS

imprimir

Dados da empresa declarada inidônea		Dados da sanção		Órgão sancionador		Origem da informação	
CNPJ/CPF	Nome/Razão Social	Data inicial	Data final	Nome do Órgão/Entidade	UF	Fonte	Data
04.306.966/0001-02	AA COMÉRCIO E REPRESENTAÇÕES LTDA.	05/08/06	05/08/09	TCU	DF	TCU	31/10/08
00.272.966/0001-88	ABITARE ENGENHARIA E CONSTRUÇÕES LTDA	17/05/03	**	UNICAMP	SP	Governo do Estado de São Paulo	11/11/08
15.585.565/0001-55	ADALBERTO DA SILVA BARRETO	18/03/06	18/03/09	TCU	DF	TCU	31/10/08
50.693.126/0001-67	AGOMIL MATERIAIS PARA CONSTRUÇÃO LTDA-EPP	28/06/05	**	CTO.REF.DROGAS	SP	Governo do Estado de São Paulo	11/11/08
54.387.188/0001-00	ALFREDO SERRA SILVA	21/02/02	**	UNICAMP	SP	Governo do Estado de São Paulo	11/11/08
08.684.913/0001-86	AMPLA ENGENHARIA E CONSTRUCAO DE OBRAS PREDIAIS E VIARIAS LTDA	24/09/08	**	UNICAMP	SP	Governo do Estado de São Paulo	11/11/08
00.758.460/0001-83	ARIKARM SANEAMENTO E HIGIENIZ. S/C LTDA	01/10/05	**	GAB SECRETARIO	SP	Governo do Estado de São Paulo	11/11/08
01.856.601/0001-63	BETAMAQ TRTORPEÇAS LTDA.	21/12/07	**	Secretaria de Estado de Cultura	MG	Auditoria Geral do Estado de Minas Gerais	31/10/08
05.471.999/0001-70	BRASPEL PRODUTOS E ARTEFATOS GRÁFICOS LTDA	10/09/07	**	TJ	SP	Governo do Estado de São Paulo	11/11/08
04.775.224/0001-26	BRATI TECNOLOGIA DA INFORMAÇÃO LTDA	29/01/04	**	UNICAMP	SP	Governo do Estado de São Paulo	11/11/08
96.464.581/0001-91	CARLOS ALBERTO DOS SANTOS IMPRESSOS - ME	01/07/03	**	UNICAMP	SP	Governo do Estado de São Paulo	11/11/08
07.649.066/0001-56	CAROLINE PRIANTE DOS REIS VASCONCELLOS ME	19/09/08	**	UNICAMP	SP	Governo do Estado de São Paulo	11/11/08
03.780.506/0001-59	CELSE JOSÉ TUKACA - ME	29/04/03	**	UNICAMP	SP	Governo do Estado de São Paulo	11/11/08
86.513.694/0001-86	CHIP SHOP DISTRIBUIDORA LTDA	30/01/07	30/01/10	TCU	DF	TCU	31/10/08
60.397.361/0001-45	CIA TEXTIL NIAZI CHOHI	18/10/05	**	FUND CASA	SP	Governo do Estado de São Paulo	11/11/08



# INDONESIA: After Suharto

- 1967 to 1998: Strong Military Government
- How to fight corruption when the most corrupt family are national heroes?
- Geography
- In 2002 the KPK (Corruption Eradication Commission) was formed
  - investigating and prosecuting corruption cases and monitoring the governance of the state
  - authorize wiretaps, impose travel bans, request financial information about suspects, freeze financial transactions and request the assistance of other agencies
  - Gecko vs Crocodile - Comment by the police chief
    - Massive public support

# Indonesia 2

- KPK is led by a Commission appointed by Parliament
  - Four year terms, led by the Chairman
  - Approximately 700 staff members
  - It has its own “part time” judiciary
    - To deal with judicial corruption all corruption cases are heard by a three judge panel
    - One sitting judge and two well known lawyers acting as judges
  - the commission investigated, prosecuted and achieved a 100-percent conviction rate in 86 cases of bribery and graft related to government procurements and budgets from 2002-2010
  - Arrest of the police inspector general in 2012

# KPK INDONESIA 3

- The **KPK** may also take over the investigations or prosecutions :-
  - A public corruption report is not acted upon;
  - Incompetence or delays in corruption cases without sufficient reason;
  - Suspected bias in favor of perpetrator(s) or indications of corrupt elements in conduct of investigations;
  - Obstructions to the handling of a corruption case due to executive, judicial, or legislative intervention; or
  - Other circumstances which have hindered the capability of the Police or the Prosecutor's Office to conduct a proper investigation.
- The **KPK's** purview in corruption investigation includes these circumstances:-
  - Involvement of law enforcers, state officials, and other connected individuals;
  - Significant public concern; and/or
  - At least one billion Rupiah in value (approx US\$100,000).

# KPK INDONESIA 4

- The **KPK's preventive** measures includes :-
- Audits on the wealth of state officials;
- Reviews of graft reports;
- Anti-corruption education programmes;
- Design and promotion of corruption eradication social programmes;
- Anti-corruption campaigns for the public;
- Studies on management systems of all state and governmental agencies, with a view to making improvements to reduce the potential for corruption.

# HONG KONG: ICAC

- Commission in Existence since 1978
  - Geography
- Well known because of its success
  - Spurred by corruption scandal involving the construction of its new airport
  - Initially focused on police: SHIFT SWEEPS
  - 1981 take over by police; eventually 119 police dismissed
  - Grown significantly in stature and “folk legend”
  - 1970s, eight out of 10 graft complaints were against public officers. This trend has reversed over the years. Complaints against police officers reduced by 70% - from 1,443 in 1974 to 446 in 2007.

# ICAC HONG KONG - 2

- In 2011, only three out of 10 complaints relate to public servants.
- Private sector cases meanwhile have been on the rise in recent years.
- The ICAC has stepped up efforts to help enterprises minimise corruption risks through system controls and staff training.
- Ethics code, training and anti-corruption systems are now required to get a business license in Hong Kong

# New Zealand – ICP of the SSA

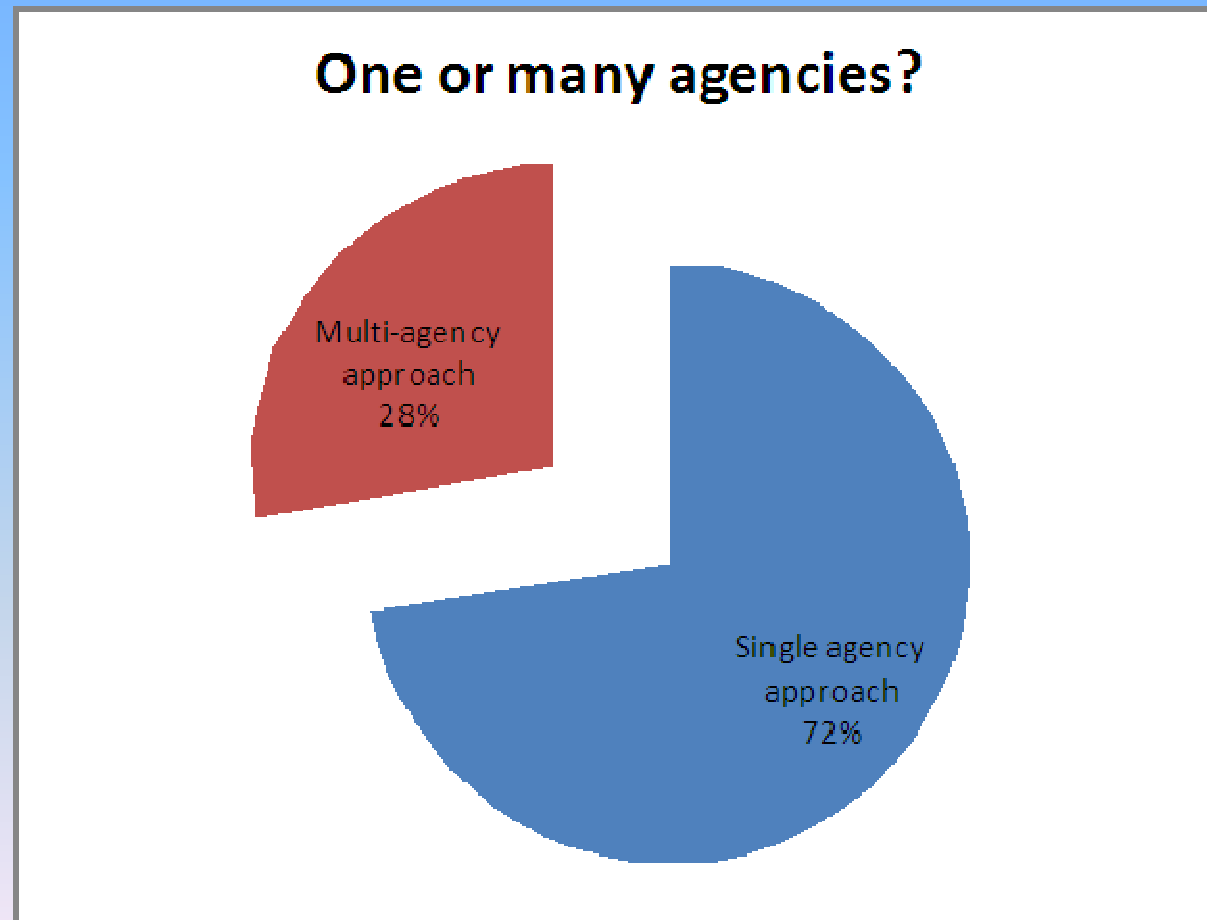
- Integrity and Conduct Programme of the State Services Commission
- An independent agency under the SSA
- three main roles in leading the State sector in this area:
  - Setting standards of integrity and conduct that apply to most State Services agencies;
  - Providing advice and guidance to State Services employees on matters of integrity and conduct and;
  - Investigating matters of integrity and conduct in the State Services
- Specific responsibilities for: Conflicts of Interest, Discretionary Expenditure, Political Neutrality, Protected Disclosures (Whistle-blowing), Bribery and Corruption

# ICP – New Zealand 2

- provides advice and guidance to agencies on how to interpret and implement the code of conduct in their organizations
  - 2007 and 2010 surveys of integrity and conduct across the State services – benchmark evaluations
  - 'helpdesk' to assist in the interpretation of the code of conduct and provide advice on integrity matters
- may conduct investigations and make reports on matters of integrity and conduct
- Individual ministers or agency heads are responsible for behavior within their own organizations



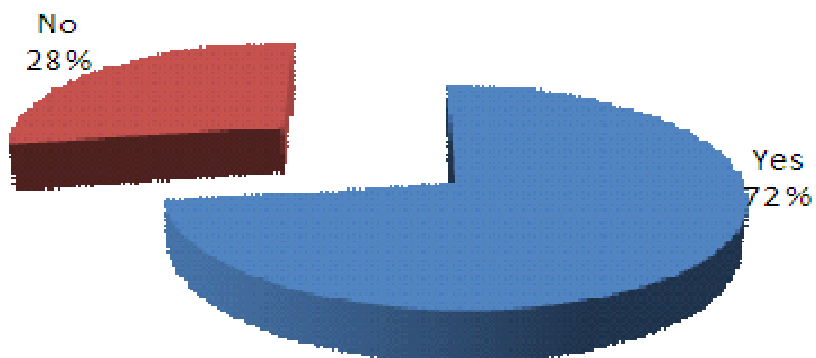
# Data from ACA Study: 30 ACAs



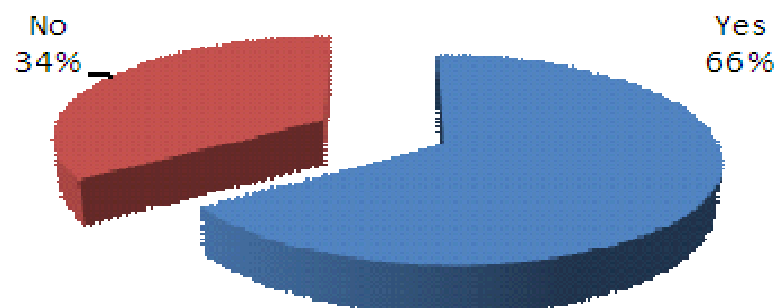
# Data from ACA Study: 30 Authorities

All from F. Recanatini, "The View from Inside Anti-corruption Authorities"

**Financial Disclosure System to Help Prevent Conflicts of Interest**



**Is there a whistle-blowing legislation?**



**Freedom of information legislation**



**Does your country have conflict of interest legislation?**



*The spirit of democracy is not a mechanical thing to be adjusted by abolition of forms. It requires a change of heart.*

*Ghandi*