

## 7. The institutional prevention of corruption. Management strategies

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Over the last few years, a lot of people have approached the Prevention Directorate of the Anti-Fraud Office of Catalonia after attending some course or conference, to ask us “what can we in the public institutions do to avoid the risks of corruption?”, or “where do we start?”. This article sets out to offer an answer to questions like these. It is particularly addressed to those public sector organisations that wish to go further than simply reacting to cases of corruption and want to adopt a proactive attitude to these risks, committing themselves to strengthening their institutional integrity.

However, the arguments supporting the approach described below and the lines of action and tools proposed are also perfectly applicable – with certain adaptations – to the private sector, including both for-profit and non-profit organisations. In such cases, references made in this article to public professional ethics should be transposed to professional codes of conduct and the corporate social responsibility of each organisation, according to the context.

It should also be mentioned that the approach to corruption prevention outlined in the following pages is exclusively institutional in nature. It focuses on that which public organisations are able to do because it is within their scope of activity or area of influence. It disregards key aspects that would be important to modify from the point of view of fighting corruption and which obviously affect these organisations, but are beyond their powers (for example, the legal system or the functioning of external supervisory or judicial bodies, to name but a few). Having made this clarification and before addressing the subject of how corruption can be prevented, I think we might find it worthwhile to respond to the doubts we often hear expressed regarding whether corruption can indeed be prevented.

### 7.1 Can corruption in public institutions be prevented?

In recent years, corruption has attained a certain visibility – I would even go so far as

to say notoriety – in public life that few of us would have dared predict just a decade ago. The endless, almost daily reporting of cases that come to light, added to opinions or evaluations of them, has provided the media with material enough to fill endless pages in newspapers and magazines and hours and hours of news programmes, interviews and chat shows on TV and the radio. This media avalanche has spread concern about the phenomenon amongst the general public<sup>65</sup>, and has ignited discussion in the street and on social networks.

Thus it was just a question of time before this concern ended up being transferred from everyday life to the public agenda in the shape of, first, more or less enthusiastic demonstrations against the “scourge of corruption” and, later, the public presentation of various anti-corruption measures and plans. The problem is that meanwhile new cases of corruption continue appearing, the resolution of the old cases goes on forever, the social perception of impunity grows and the discourse of various levels of public authority changes hardly at all.

In this context, we have also become accustomed to hearing or reading all kinds of analyses, opinions and criticisms, and even “recipes” for a solution. These have been, developed to a greater or lesser degree, or improvised by public authorities and professionals of the most diverse disciplines (law, economics, political sciences and sociology, journalism, and so on), but also by representatives of organised civil society and even the “man in the street”. Unfortunately, among these voices there is also no shortage of those asserting that corruption is a universal phenomenon, inherent in human nature and hence, they conclude, sometimes explicitly others implicitly, without remedy, because there will always be corruption.

We cannot refute the universality argument: history is replete with cases of corruption, in all geographical areas of the world and all types of political regimes. And its link to human nature is equally indisputable: where there are no people there can clearly be no corruption. Nonetheless, to deduce from these premises that corruption is inevitable is not only a false syllogism; it is a stimulus to arguments in favour of conformity with the current *status quo* every time it is uttered, and with pessimism regarding the future of the *res publica*.

However, before addressing the debate as to whether corruption can be prevented or not, it is essential that the term be clarified, as in everyday life we often use *corruption* as a synonym for *fraud* or *illegality*. For the purposes of what will be discussed here it

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<sup>65</sup> One only has to look at the evolution of citizen concern about corruption in the barometers of the Spanish Sociological Research Centre (CIS) from 2007 to 2015, or see the data of the 2014 survey of perception of corruption published by the Anti-Fraud Office of Catalonia.

would be expedient to find a more precise meaning. The most widely accepted definitions coincide in asserting that any act of corruption constitutes an **abuse of the professional position or office for private benefit**<sup>66</sup>. In the case of public corruption, which is what concerns us here, the professional position may be a representative office (for example, elected in a local election), a politically designated post-holder (such as the director general of a department of the Government of Catalonia), or a position occupied by a public employee, whether a civil servant, official or part-time worker. Hereinafter, we shall generically refer to the people who occupy these posts as *public servants*. On being elected, appointed or hired, these public servants are granted the use of material, human or financial public resources and a decision-making capacity (more or less significant, according to their position in the hierarchy), which they are expected to employ to achieve the intended purposes of their respective positions, while respecting the principles, values and rules laid down in the legal order. But when a public servant does, or fails to do (act or omission) anything contrary to his or her professional responsibilities in order to obtain private benefit, it is then that we speak of an act of corruption.

Going back to the original question. Is it inevitable that these people abuse that decision-making capacity and those resources? Experience tells us no: every day, thousands of public servants carry out their work with the strictest observance of the law and public professional ethics. It is inevitable, however, that where there is decision-making capacity and public resources, there is the *risk* of someone abusing them for their own benefit. And with the word *risk* we completely change our way of approaching the phenomenon of corruption: we reject conformism and the mere reaction to cases that shake our public institutions, to address the problem from the perspective of risk prevention and management.

## 7.2 Corruption risks: a preventive focus

What does prevention involve? It means accepting that there are always risks,

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<sup>66</sup> The academic debate on this term has been intense and experts from diverse disciplines (law, economics, political science, anthropology, psychology etc.) emphasise different nuances. For practical purposes however, the institutions with most experience in the fight against corruption employ very similar definitions to that mentioned here and adopted by the Anti-Fraud Office of Catalonia. The World Bank and the OECD, to name but two of the most active, define this phenomenon as “the abuse of public office for private gain” (<http://www1.worldbank.org/publicsector/anticorrupt/corruptn/cor02.htm>), the former, and the “active or passive misuse of the powers of public officials (appointed or elected) for private financial or other benefits” (<http://stats.oecd.org/glossary/detail.asp?ID=4773>), the latter. However, the NGO Transparency International applies a definition not restricted to the public sector and explains corruption as “the abuse of entrusted power for private gain” ([http://www.transparency.org/whoweare/organisation/faqs\\_on\\_corruption/2/](http://www.transparency.org/whoweare/organisation/faqs_on_corruption/2/)).

but that as such they can be managed, which is the constructive side of this focus. The approach is not new; for decades public and private organisations have, for instance, managed occupational risks. In the same line, they also accept that all workplaces entail fire risks. Once that risk is accepted as being possible, the likelihood that it will happen is identified and measures taken to reduce the probability (smoking is prohibited, electrical systems are regularly checked, non-flammable materials are used, etc.). But the organisations do not stop there; preparations are also made in case the risk becomes a reality and a fire breaks out. So they plan actions to reduce the seriousness of potential consequences of that risk (smoke detectors for rapid detection, extinguishers to put out the fire, staff training to evacuate the workplace quickly and with the fewest casualties possible, and so on).

Thus prevention does not mean “always think the worst”, as some people say when they hear talk of risks. It means, in the first place, accepting that the risk is possible, in second place, taking action to reduce the likelihood of it happening (preventive management) and, finally, planning what we will do if it happens, to reduce the seriousness of the consequences (contingency management).

Returning to the public institutions, adopting a preventive vision means accepting that **all**, absolutely all, **public functions are intrinsically vulnerable to the risks of corruption**. When a public institution regulates a specific aspect of the social or economic life of a society there are risks of corruption; when an activity of general interest is promoted entailing subsidies, prizes, grants etc., there are risks of corruption; when goods or services are bought or contracted, there are risks of corruption; when licenses, authorisations, permits and so on are granted, there are risks of corruption; when administrative controls or inspections are carried out, there are risks of corruption; when a certain activity is penalised, there are risks of corruption. Therefore, the challenge for each public organisation will be to identify which risks of corruption are the most relevant, given the nature of its functions, and begin to manage them on the basis of the likelihood they will occur and the seriousness of the consequences if they do.

### 7.3 Is corruption prevention enough?

But is managing these corruption risks enough to safeguard the institutional integrity of a public organisation? What happens with those behaviours which may occur in an institution but which are not acts of corruption – they are not abuse of public position

for private gain – but are contrary to the norm or to the principles and values that inspire it? And what happens with those petty abuses of public position for private gain, that which most people consider “simple malpractice” or improper behaviour for a public servant? Given the scant prejudice such acts entail they have no regulated punitive response, but they do have an impact on the organisations in which they occur, especially if they become “normalised”.

What I am trying to highlight with these questions is that the risks of corruption are just a part, a subset you might say, of the *risks to the integrity* of public institutions, Or, put another way, the real goal we should pursue in public entities is institutional integrity. Because organisations with integrity are those that can ensure citizens they employ their powers and resources for the purposes for which they were created; they are those that can be transparent; that can be accountable for the results achieved and the methods used to achieve them. They are the organisations that can gain citizen credibility and contribute to the good governance of a country.

Therefore, if we agree that the ultimate goal is in fact to foster integrity in the core of the public institutions, then prevention tools are nothing more than a means. And while extremely important are, in themselves, insufficient. The explanation is simple: these tools have a dissuasive effect on corrupt, illegal or simply improper behaviour by a public servant, but something more than dissuasion is needed to uphold the integrity of the people who make up an organisation!

Addressing the prevention of risks of corrupt, illegal or improper behaviour (in short, the risks to integrity) in an isolated manner will have little impact unless it is engaged with all the other elements that are key to the integrity of a public entity. So it is necessary to understand how the prevention of risks to institutional integrity fits into the integrity system of an organisation as a whole.

## 7.4 Managing integrity: the integrity system of public institutions

How is it that in one same country, at one same moment in history, with the same regulatory framework and the same culture of civic ethics there are some organisations with more integrity than others? What do they do that is better? Institutions with a long record in fostering integrity and the fight against corruption explain this in different ways. The OECD conceptualises it through

what it calls the *integrity framework of public institutions*<sup>68</sup>; the Bureau Integriteitsbevordering Openbare Sector (BIOS) or the Dutch National Integrity Office explain it with their version of an Integrity Infrastructure<sup>69</sup> and the Independent Commission Against Corruption (ICAC) of New South Wales in Australia<sup>70</sup> draws a model of concentric circles for integrity management. These examples, together with other models, though graphically diverse and with different emphases, essentially identify extremely similar key elements which should be worked on to foster integrity in an organisation and fight against corruption.

The Anti-Fraud Office of Catalonia coincides with most of the core elements of these models, but adapts them and structures them into what it calls the *institutional integrity system*. This is a model which establishes the major strategic lines of action to be considered by any organisation that wishes to foster integrity. It identifies specific areas of work and offers a range of tools so that public institutions can choose and set in motion the most appropriate in each case, based on their individual characteristics and diagnosis.

The institutional integrity system shows that all public organisations with a high level of institutional integrity work along three strategic lines, formally or informally, and sometimes even without being aware of it. These lines are as follows:

### The three strategic lines or pivots of action

#### 1. Ethical organisational culture

- **Aim:** to evaluate the ethical organisational culture to ensure that formal and informal guidelines and orientations for the behaviour of public servants in the exercise of their duties are in line with the principles and values of public professional ethics.
- **Areas of work:** 1) ethical organisational principles and values; and 2) institutional ethical leadership.
- **Organisational virtues:** clarity, “discussability” and coherence.

<sup>68</sup> For further information about this integrity framework, see <http://www.oecd.org/gov/ethics/integrityframework> and in particular the publications *Public Sector Integrity: A Framework for Assessment* (2005) and *Towards a Sound Integrity Framework: Instruments, Processes, Structures and Conditions for Implementation* (2009).

<sup>69</sup> The BIOS is an office whose tasks are exclusively preventive, and their institutional website offers interesting tools. See: [http://www.integriteitoverheid.nl/fileadmin/BIOS/data/Publicaties/Downloads/Tekst\\_Integrity\\_Infrastructure.pdf](http://www.integriteitoverheid.nl/fileadmin/BIOS/data/Publicaties/Downloads/Tekst_Integrity_Infrastructure.pdf).

<sup>70</sup> A visit to the ICAC website is highly recommendable <http://www.icac.nsw.gov.au/>. They make a brief summary of the model mentioned above in the leaflet to be found at: [http://www.icac.nsw.gov.au/component/docman/doc\\_download/1332-the-first-four-steps](http://www.icac.nsw.gov.au/component/docman/doc_download/1332-the-first-four-steps).

## 2. Professionalism in its public management

- **Aim:** to guarantee effectiveness and legality in the institution's public management to ensure it achieves the purposes for which it was created.
- **Areas of work:** 1) professionalism in management of the functions and public services it offers citizens; and 2) professionalism in the organisation and management of its human resources.
- **Organisational virtues:** viability and support of ethical conduct in institutional operations.

## 3. Prevention of risks to integrity

- **Aim:** to reduce the likelihood of risks to the institution's integrity arising (illegal behaviours, abuses of public position for private gain and other improper conduct) and, if they occur, to reduce the impact of their consequences.
- **Areas of work:** 1) analysis of the risks to institutional integrity and design of prevention plans; and 2) detection and response instruments.
- **Organisational virtues:** transparency and enforceability.

### 1st strategic line. Management of the organisation's ethical culture

The policies and procedures of a public institution define how they would like to do things in that organisation. But the organisational culture is what ultimately determines how they are really done: which norms or standards of conduct are to be obeyed, which are to be bent or adapted, and which will be ignored. This concept is popularly explained as "the way of doing things here".

When someone joins an organisation one of the first things they do during their adaptation process is identify these formal and informal norms, which effectively regulate the behaviour necessary to integrate into the working group of which they have just become a member. The need to fit in puts pressure on the person to adhere to existing standards of conduct and to behave in the same way as the group he or she must get along with. That is why organisational culture is such an important element in fostering institutional integrity: because it directly affects how everyone who forms part of that organisation behaves and takes decisions on a daily basis.

What happens when the organisational culture becomes distanced from the principles and values our legal system establishes for the actions of people who

occupy a public office or post and to which in these pages I refer to as “public professional ethics”? When the ethical culture of an organisation tolerates – or sometimes even rewards – the improper conduct of a public servant, abuses of position for private gain or infringements of the law, it is more than likely that this behaviour will reoccur. If it is not identified and stopped, it is just a matter of time before it becomes “normalised” and consolidated within the organisational culture. In this context, someone with a strong sense of public ethic who joins this organisation can seek to change things, but if that fails, will have no alternative other than to adapt to this “way of doing things” or, sooner or later, will end up leaving (voluntarily or not). And between adaptation and exit will no doubt experience numerous organisational and personal conflicts!

On the other hand, if the culture of this organisation encourages and rewards compliance with norms and procedures and the application of higher professional ethical standards, the aforementioned transgressions are less likely to occur. Moreover, the people who join these organisations, even if their individual ethics are contrary to public professional ethics, will feel pressured into adapting to the prevailing higher standards, or will eventually leave.

That is why managing the ethical culture of an organisation becomes strategically important: it is an economical but powerful tool to foster integrity<sup>71</sup>, and the way to indicate clearly the behaviour the institution expects of its public servants.

So the first step is to discover what ethical standards govern the organisational culture and to evaluate the extent to which it is in line with public professional ethics. This diagnosis should assess, at least, the following aspects:

1. On the **principles and ethical values of the institution:**

- a) **Clarity.** Are they explained in such a way that everyone who forms part of the

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<sup>71</sup> The organisational culture becomes consolidated or evolves as the people who form part of it support or challenge, repeatedly and consistently, the behaviours considered acceptable in that institution and those which are not tolerated. Once a particular culture is established, that culture is perpetuated through staff selection and promotion, the “socialisation” of the people who join the institution, and through the way middle-managers, directors and authorities conduct themselves, and how different behaviours are managed, rewarded or punished. The culture of an institution can, of course, change, but this is not achieved through a single training course or the simple publication of a code of conduct. Thus, before trying to make changes in the organisational culture it is essential to understand it, examine what elements have shaped it and even, in very large institutions, identify whether different sub-cultures have been consolidated.

institution has a clear idea of the standards of conduct expected of them in the exercise of their public responsibilities?

- b) **Coherence.** Do the principles and values that really guide the behaviour and decisions of the people who form part of the organisation coincide with the general principles and values of public professional ethics?
  - c) **Communication and assimilation.** Have these principles and values been communicated to everyone who forms part of the organisation? Are they included in the induction training of everyone who joins the institution?
  - d) **Development at the individual level.** Has any instrument been provided to enable each person who forms part of the organisation to reflect on how to apply these generically drafted principles and values to their specific duties and responsibilities?
  - e) **“Discussability”.** Should any doubt or ethical dilemma arise, is there any channel or instrument employees can use to address and clarify it openly and without fear of reprisals?
  - f) **Advice.** Are there any mechanisms provided to revise the standard explanations offered or to design training actions to clarify the more complex aspects of the most frequently expressed doubts or dilemmas?
2. On **ethical leadership** in the different hierarchical levels of the institution:
- a) **Awareness of ethical responsibility.** Are the organisation’s authorities, directors and senior managers aware that their behaviour directly influences the perception of what is appropriate and what is not tolerable in the institution?
  - b) **Exemplarity.** Have they received any explicit indication that greater hierarchical responsibility also demands exemplarity in front of their teams and all other people with whom they relate, both inside and outside the institution?
  - c) **Coherence.** Is their conduct coherent with the principles and values of the organisation? Is their conduct coherent with what they recommend to their teams?
  - d) **Capability to guide teams.** Have they received training and tools to guide the people who make up their teams and have them reflect on the ethical standards the organisation expects of them? Do they consider that this forms

part of their duties?

- e) **Resolution of ethical dilemmas.** Are they prepared to guide their team members in the event of ethical dilemmas? Do they consider that this forms part of their duties?

We shall now briefly review the significance of these two areas of work and the tools available to organisations to carry out the corresponding tasks.



Organisational principles and values: actively work on public professional ethics

All of the people who form part of an organisation perform activities and take decisions every day on behalf of that organisation and, consequently, to its benefit or prejudice. Consequently, each organisation is responsible for ensuring that all its employees are able to identify the behaviour the institution expects of them.

If, moreover, the institution is a public entity, its employees must be clear about which principles and values are “in play” in the exercise of their specific professional responsibilities. In the event of doubt, they must know who to turn to or how to resolve the issue so that the institution’s integrity is not questioned or harmed.

Some public institutions leave it up to each individual in the organisation to decide the conduct expected of him or her on taking up the post or position, and how to resolve any ethical dilemmas that may arise. However, in doing this the institution is opting out of managing an area which is key for the organisation’s integrity:

leaving it to chance, to the sound judgement with which it selects staff, and to the individual ethic of each employee it recruits.

Thus it is essential that public institutions proactively engage in the task of raising staff awareness about the importance of conducting themselves at work in accordance with the highest standards of public professional ethics, and of offering necessary guidance in the event of dilemmas.

The main tools in this area are:

- **Instruments for clarification of ethical standards:** codes of conduct are the most usual. Based on its characteristics, each institution can choose whether its code should be general or whether various codes should be drafted taking into account, for instance, professional sub-groups with highly differentiated features (codes of professional practice); or if the focus should be generic and positive, centring on inspirational values and the principles to be observed (codes of ethics), or whether it is better to establish a closed catalogue of specific expected or prohibited conducts (codes of conduct).
- **Instruments for communication of ethical standards:** the first instrument tends to be the publication of agreed standards, either on paper or electronically, in the same form as the approved code or with various formats: a summary for specific groups, FAQs and their answers, or any other that enables maximum diffusion. Subsequently, this communication should be integrated into the formal processes of inducting people into the institution; into specific training when staff take on new responsibilities (internal promotion processes), and into the regular training arising out of new situations that come about, standards that are redefined or new responses to positive conduct the organisation wishes to highlight, or negative conduct it seeks to eradicate. Finally, actions must be set in motion to ensure that everyone who forms part of the institution has reflected upon how these general ethical standards may particularly apply to their daily tasks and duties (specific team meetings to address this matter, cross-departmental workshops in the institution, or any other method suitable for the characteristics of the organisation in question).
- **Instruments for resolving doubts about ethical standards:** these are usually people or groups identified as points of reference by the institution, or trained to this effect, to whom individuals can turn when dilemmas arise in the hierarchical line or when an organisational vision is required that is more authoritative than that of the individual's management unit; spaces (committees or work groups) where it is possible to analyse the most frequent dilemmas and see what changes they require via the clarification of standards or through the revision of institutional operations that

hinder compliance; specific training to address frequent ethical dilemmas that the institution has identified as areas of special risk, and so on.

- **Instruments to assess real standards:** on the scale of the institution as a whole, the most common are the surveys of ethical climate and of organisational culture; on the scale of specific organisational units, the working team management's own supervisory tools are the most effective (monitoring work and assignments, *ad hoc* meetings, task assessments, results and achievement of goals, if applicable, etc.).

### Ethical leadership

This is one of the key areas of management in an institutional integrity system, because the style of leadership of an organisational structure sets the ethical tone of the institution as a whole, and establishes whether there exists a disposition to really foster integrity or not. When we speak of *ethical leadership* we refer in particular to the capability of certain people in senior managerial positions to:

- accurately distinguish when a public servant's conduct is appropriate or improper, according to public professional ethics;
- set example through their own day-to-day actions;
- Persuade the people around them (those under their supervision, their colleagues and their superiors) of the need to maintain the highest ethical standards.

Experience tells us that the conduct and communication skills of an organisation's authorities, directors and senior managers are critical for the staff to act ethically. Academic research carried out in this field explains in various ways the strong relationship between the behaviour of an organisation's leaders and the conduct of the other people who work there. Moreover, certain factors would seem to explain this interrelation:

1. **The perception of leaders' honesty.** The conduct of people working in an organisation is directly affected by the perception they have of their leaders' behaviour. They are more likely to do what they see their supervisors doing and, in particular, what the most experienced managers do, than adhere to the ethical policy of the institution. Furthermore, we know that the perception that senior managers and directors advocate integrity is closely associated with the perception that all the staff, leaders included, behave more honestly. This is also directly related to positive perceptions of the work environment, relations amongst workers and trust and respect both for direct supervisors and towards the executives with more experience and length of service.
2. **Explicit support to ethical conduct.** The simple fact that senior managers routinely

talk about ethical conduct – and it goes without saying of course, act accordingly – has great impact on staff behaviour. Moreover and as we have previously indicated, actions that explicitly support ethical conduct and explicitly reject transgressions constitute the most effective way of establishing high ethical standards in an organisation's culture.

- 3. Leadership style.** Through their leadership style, directors and senior managers can influence group dynamics to increase or reduce the likelihood that working groups take decisions lacking ethics. Certain lines of research have demonstrated that more open leadership styles (those that invite criticism of their very concept or perspective and accept it, encourage objections and doubts to be voiced and establish a working climate that promotes the expression of ideas) increase potential for groups to take ethical decisions. In contrast, more closed styles (that discourage participation, inhibit divergence of opinion and favour conformity, without underlining the importance of ethics) heighten the risk that groups will take unethical decisions.

To conclude, in public institutions, the authorities, directors and senior managers play a major role in shaping the form of consistent leadership which should serve as an ethical model. Given the immediate effect their conduct has on staff – and, over time, on the ethical organisational culture – these organisations should not discard employing the diverse tools they have at their disposal to strengthen ethical leadership:

- **Instruments of commitment to public ethics.** Political leaders, directors and senior managers are responsible for maintaining high standards of conduct in the fulfilment of their official responsibilities. This commitment must be demonstrated both in their communications policy and in their day-to-day activity by giving support to ethical conduct and condemnation, rectification and punishment of behaviour which is improper. Other useful tools in this respect may include the adoption of an institutional integrity policy<sup>72</sup>; or giving more organisational relevance to the investitures of staff in senior positions and recalling in these acts that amongst the responsibilities of the post, the duties of exemplarity and leadership consistent with the principles of public ethics have particular relevance for the integrity of the institution.
- **Awareness-raising and training instruments.** Awareness-raising courses on ethical leadership and managerial responsibility on taking up a post that involves authority over people or public resources; regular training on tools, methodologies

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<sup>72</sup> This is a document intended to be made public which expresses the commitment of an institution to the promotion of integrity and the fight against corruption, while establishing the responsibilities of public servants (politicians, directors, middle-managers and all other staff) in this area of management.

and skills related to ethical leadership and so on. (for example, corruption risk management methodologies, tools to identify and respond to ethical dilemmas that arise in the teams, etc.).

- **Instruments to evaluate the perception of ethical leadership.** This includes aspects related to leaders' exemplarity, honesty and consistency with the principles of public ethics in the performance evaluation of public-sector directors and managers, as well as in ethical climate or organisational culture surveys.

To summarise this first strategic line of action, managing the ethical culture of an organisation means working actively on identification and communication of the ethical standards that everyone is expected to follow and reflect upon individually. It also involves offering advice or guidance in the event of dilemmas and a climate that facilitates their discussion, as well as working to ensure ethical leadership in the institution provides support to those standards. Thus, the key organisational virtues would be: clarity, "discussability" and consistency with the established standards in day-to-day activity, especially by authorities, directors and managers.

In any case, the results of this process will be closely linked to the results of the other two strategic lines: hence the *integrity system* concept. Do the operation and results of the organisation (second strategic line) make this culture viable? And are there preventive systems (third strategic line) that discourage conduct contrary to these standards, or sanction those who fail to meet them?

For this reason, an isolated action in this strategic line, such as the approval of a code of ethics for instance, would be unlikely to produce significant results unless a great deal of effort was put into fostering performance by the organisation's leaders to ensure it is consistent with that code, promoting the viability of that conduct in day-to-day management and cultivating the effectiveness of mechanisms of detection and response, both proportional and systematic, to transgressions.

## 2nd strategic line. Professionalise public management

Professionalising management in public institutions requires their public servants to be fully capable of carrying out the specific duties they have been assigned. From the institutional integrity system point of view, it is particularly relevant that they are capable of:

- **Planning** the most effective, efficient and legal way of achieving the service goals that the organisation has committed to accomplishing (through public policies,

programmes and plans).

- **Periodically evaluating** the results obtained and revising planned actions in the event of significant deviations.
- **Rendering accounts** for the results achieved, measuring the impact on society and considering new lines of action in the event of failure, deviation or the appearance of new challenges.
- **Being transparent** about the procedures followed to attain those results and the public resources employed in each case.

The first two principles mentioned, planning and evaluation, are key in reducing inefficiencies, infringements and malpractice in an organisation. Experience shows that the operation of an institution (internal organisation, procedures, resources allocation, quality of internal and external communication, etc.) when offering a good or service or performing a public function can create a multitude of opportunities for behaviour that deviates from the required standards. The greater the improvisation, the greater the **opportunities**; the more planning, evaluation and rectification or improvement – in short, the more professionalisation – the fewer the opportunities.

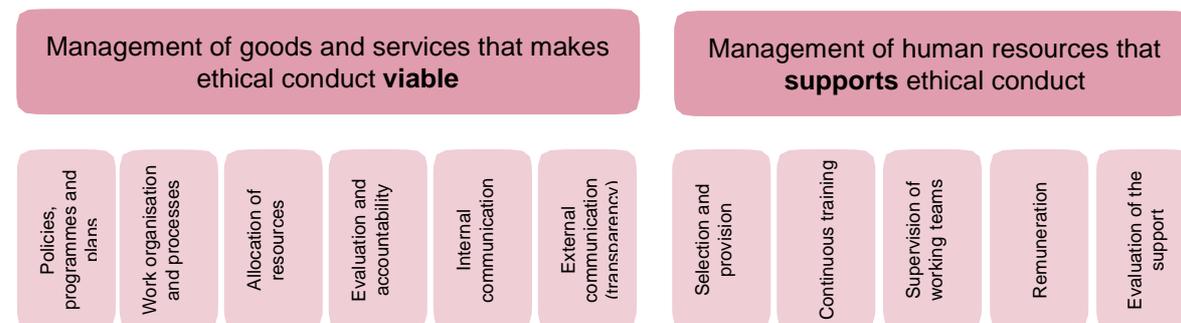
The second two principles, rendering of accounts and transparency, are essential not only to enable public scrutiny – monitoring of how resources are being managed to achieve the intended purposes and whether the “conditions” established by legal order (legality) for the public administrators’ actions are being met – but also to reduce the **opportunities** that obscurantism, concealment and the lack of motivation for action provide to corruption.

What the institutional integrity system highlights is that the professionalisation of management in public entities, long called for by experts in the field, not only ensures that services will be of higher quality and public functions developed with greater efficiency and legality, but also that **opportunities for corrupt acts or other risks to institutional integrity are reduced** and that it becomes more likely that public servants will maintain high standards of conduct.

Calling for evaluation and improvement of the professionalism of this public management and for it to be made more transparent and accountable is nothing new: we have been hearing about it for years in diverse forums on public service. The same applies to the tools available to the institutions carry it out. For this reason I will not stop to describe them in detail as I do with the other two strategic lines, except for a few instruments or reflections particularly relevant in the fostering of integrity and prevention of risks within the two major areas of work: management of

public goods, services or functions performed by each public body, on the one hand, and management of the human resources that make it possible on the other.

## 2. Professionalism in public management



Management of public goods, services and functions that makes ethical conduct viable

We have already said that in providing public goods or services or performing public functions, institutions require high levels of professionalisation among their public servants to ensure legality and maximum efficiency in their management. However, from the integrity system point of view they must also ensure that the way they are managed facilitates the viability of these high standards of conduct that should govern the organisational culture. Thus this perspective must be adopted to review everything that impacts upon an institution's operation and results: policies, guidelines, plans and programmes that establish what the institution has to do; organisation, processes and working systems that explain how to do it; allocation of resources and the coherence of such allocation with the goals set in planning and citizens' needs; evaluation of the procedures and results achieved with respect to those expected, and internal and external communication (especially as regards transparency and accountability, etc.). Amongst all these elements it is perhaps of interest to highlight the importance of establishing internal policies to provide support to efficient, ethical management and examine whether existing working procedures and systems make such policies viable.

- **Support instruments.** The type of support instrument to employ will be defined depending on the nature of the functions of the public institution, together with its main areas of risk and organisational characteristics. It is unlikely that the same policies, and much less the same timing, will be required in public institutions such as GISA (a public infrastructure management company), MNAC (the National Art Museum of Catalonia), the council of a town with fewer than

5,000 inhabitants or the Catalan Public Audit Office. Examples of **internal ethical management support policies** would include specific policies on accepting gifts and other “benefits”, conflicts of interest, second jobs, confidential information and so on. These policies are often the result of having identified certain risks to integrity and, consequently, their existence, operation and review should be provided in the risk prevention plan (third strategic line).

- **Viability instruments.** Once identified the internal policies that will be most appropriate to support ethical management in the public institution, it is necessary to verify whether its institutional operations enable their viability. This means necessarily reviewing everything that these operations make possible: allocation of resources (material, financial and human) to the different areas and units in relation to the objectives pursued by the institution and the demands of the society it serves; review of the organisational processes (real procedures) and working systems (internal organisation, inter-unit communication, degree of transparency and accountability, extent of planning, etc.), review of the effectiveness of organisational controls and so on. As we explained above, the tools are those used in public management evaluation. It is simply a matter of employing them with a view to confirming that, over and above efficiency and legality, these policies make the required ethical conduct viable.

Management of human resources that provides support to ethical conduct

The way an organisation’s human resources are managed not only directly influences the professionalism and talent of its human team and, consequently, the quality and professionalism of the institution’s public management, but also its ethical culture! Most organisations are well aware of human resources management tools; thus it is simply a matter of adjusting the way they are employed to ensure they provide support to ethical management, and evaluate whether the results contribute positively both to the ethical organisational structure as well as to the efficiency of its public management (in other words, the operation and its results).

From the point of view of the institutional integrity system, the following points are particularly relevant:

- **Selection and provision.** The principles of equality, capability, merit and publicity in selection or recruitment procedures seek to guarantee that the best candidates access the different positions or offices in the organisation and, consequently, provide the best public management possible, establishing a line of directors and

senior managers aware of their leadership responsibilities and so on. Every time an organisation violates any of these four principles it risks not finding the most capable person possible and, probably, having less professional management; it also creates precedents of irregularities, risks losing internal credibility and challenges the ethical standards of the organisational culture. Furthermore, the provision of definitive jobs, particularly positions reserved, by their very nature, for career staff, is a key factor for independence, neutrality and objectivity in the areas most vulnerable to corruption risk. Finally, research conducted in recent years indicates that those countries where the selection of directors is made using systems that are genuinely meritocratic are more efficient in the fight against corruption than those where governance of public management is politicised<sup>73</sup>.

- **Supervision of working teams.** This seeks to ensure services operate properly through the monitoring and evaluation of results and team performance. It also permits deficiencies or deviations to be detected and corrected, where necessary, with a view to guaranteeing results are attained and behaviours redirected.
- **Continuous training.** This is key to ensuring not only the updating of knowledge of a regulatory framework in constant evolution, but also that staff remain current as regards those management systems that enable higher-quality, more efficient management. Part of this continuous training should include keeping staff up-to-date in the subjects of ethics, integrity and the fight against corruption referred to in the first strategic line of the institutional integrity system.
- **Recognition.** We have already mentioned the need to evaluate the performance of working teams. In this respect, one of the most critical tools available is the **performance evaluation** which, when well conducted, not only identifies areas of possible professional improvement in an employee's work, it also finds and recognises excellent conduct and performance. It should be stressed that the failure to rectify cases of malpractice or improper conduct has strong negative effects on the organisational culture in the sense of sending staff the simple message that "there are no consequences for working badly". However, failing to recognise excellent results or commendable conduct sends an equally simple but in this case disappointing message to the organisational culture, in the sense that "there's no point making an effort or working well". Consequently, in this

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<sup>73</sup> Several researchers from the Quality of Government Institute of the University of Gothenburg in Sweden have focused their research on this area. See their publications at: <http://qog.pol.gu.se/publications/workingpapers>.

area of work and where prevention is concerned, recognition systems are just as essential as penalisation mechanisms (third strategic line of action).

### 3rd strategic line. Preventing risks to integrity

The third strategic line takes us back to the beginning of this article: to the prevention of risks to integrity and, among these, the risks of corruption. And as we said at the outset, all public functions are intrinsically vulnerable to the risks of corruption.

The legislator is so aware of this that our legal system regulates how public institutions should proceed in certain areas of activity to a level of detail that would be surprising in other legal cultures. It establishes the obligation to justify any administrative act; it describes in detail administrative procedures deemed critical to the objective of safeguarding compliance with its basic principles of operation (equality of all citizens before public authorities, objectivity, neutrality, impartiality, etc.); it establishes all kinds of controls (internal and external, *ex ante*, during, and *ex post*) to verify compliance.; it identifies decisions of special relevance and risk and ensures they do not depend on one sole person, but are made by a collegiate body. And we could go on with the list of provisions adopted by the legislator, which would further highlight the awareness of these intrinsic vulnerabilities.

From the point of view of the institutions that wish to manage integrity, this means they have to:

- 1) be aware that all posts and offices in their organisation give those who occupy them a certain amount of decision-making capability and public resources to accomplish the tasks and objectives assigned to them although, logically, both will vary depending on the hierarchical position they occupy;
- 2) accept that there will always be the risk that someone will abuse their office or position for private gain (for themselves or for others), reason for which it is essential to adopt an active role in the management of these risks, in order to efficiently prevent them.

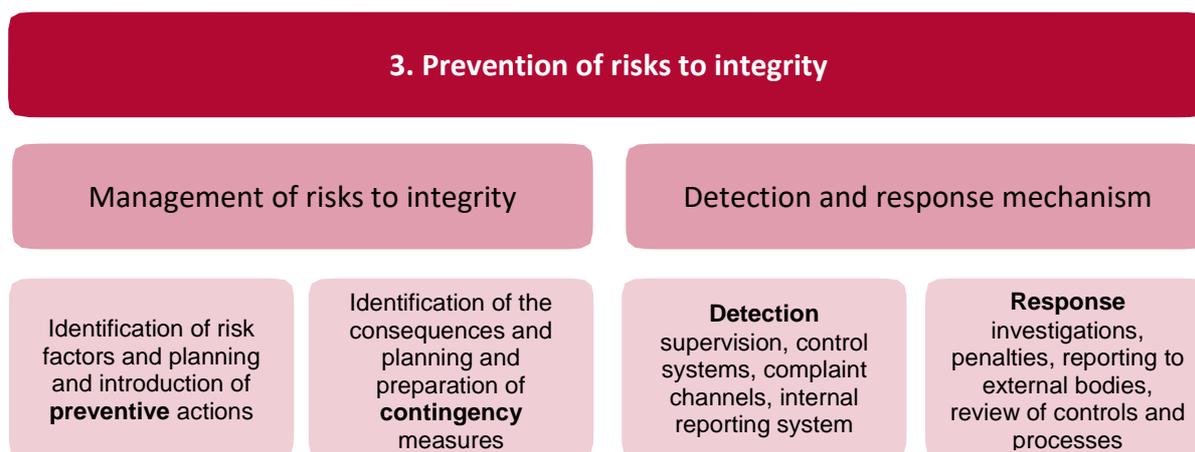
The first step in this line of work involves evaluating what is being done from an organisational perspective in the two following areas: risk management (analysis, design and implementation of prevention plans), and mechanisms for detection and penalisation.

#### 1) **Management of risks to the integrity of the institution**

- a) **Identification of the main areas of risk.** Are the main areas of risk to the integrity of your institution identified? Have the specific risks in each area been analysed and described?
  - b) **Evaluation of the likelihood of the risks.** Has the degree of likelihood that these risks will materialise been determined, based on the organisation's current operation?
  - c) **Evaluation of the seriousness of the risks.** Has the level of seriousness of these risks been determined?
  - d) **Preventive action planning.** Have actions to reduce the likelihood that these risks, specifically the most likely and the most serious, will materialise been planned? Have the people responsible for those actions been designated? Have the actions been implemented yet?
  - e) **Identification and evaluation of the consequences of each risk.** Should that risk materialise, have the consequences – for the institution and for recipients of the public services and functions it carries out – been anticipated and related? Have the likelihood and seriousness of these consequences been evaluated?
  - f) **Contingency action planning.** Have actions been planned to alleviate the impact of the consequences identified as most likely and serious? What alarms will alert the organisation that the risks have materialised? Who is responsible for each of them? What resources does the organisation provide for each case?
  - g) **Review of plans.** Are the prevention and contingency plans reviewed periodically to assess their effectiveness? Who is ultimately responsible? What resources are available to this person?
- 2) **Detection and response plans** for acts of corruption and conduct which is improper or contrary to the regulation.
- a) **Detection mechanisms**
    - i) **Existence.** Does the organisation have mechanisms to identify the different types of transgressions?
    - ii) **Dissemination.** Does everyone know what they are and how they work? How is this information disseminated? Has the system's effectiveness been tested in any way?
    - iii) **Obligation to employ them.** Does everyone know when they should be used? What kind of cases does the institution expect to be reported and via what channel?

- iv) **Perception of operation.** Is using them well accepted? Is the organisational perception that they are fair and effective? (organisational culture)
  - v) **Misuse and reprisals.** Are any consequences for the misuse of these instruments provided for (for example, complaints made in bad faith)? Have any reprisals ever occurred for the proper use of these instruments?
- b) **Response mechanisms**
- i) **Investigation.** Are incidents detected through the existing detection mechanisms always investigated?
  - ii) **Enforceability.** Are the punitive responses provided for each type of transgression identified always applied?
  - iii) **Proportionality.** Are the penalties provided for each case proportional to the harm caused and, in corruption cases, to the private gain obtained?
  - iv) **Universality in application.** Are the responses provided for each case always equally applied, irrespective of who carries them out?

We set out below the specific tools available to organisations in each of these two areas of work.



## Management of risks to the integrity of the institution

Public institutions manage all kinds of risks; occupational risks, as we mentioned at the beginning of this article, are a good example. The current legal system does not yet establish obligations to manage integrity risks in a similar way. However, it is glaringly obvious that it should do so, given the serious repercussions they entail for institutions and society alike.

We do not specify here a particular risk management methodology as a tool. Any that enables the risks and their consequences to be identified and evaluated will suffice. Following that diagnosis, institutions should decide upon the priority actions to be taken (both preventive and contingency) bearing in mind the context of the institution and the resources it can allocate, and then plan their implementation (designate the people responsible, establish timing and set desired results).

It is however important, with a view to ensuring the success of these initiatives, that the chosen risk management methodology involves people from diverse areas or units of the organisation. This will guarantee a cross-cutting vision of the institution and that different points of view are considered in the risk identification and evaluation process. If these people participate from the outset, it will also be easier to involve them in the design and implementation of action plans. Furthermore, those who take part in these processes gain greater insight into the issues and may become points of reference for the rest of the organisation.

## Detection and response mechanisms

The main working tools in this area are:

- **Detection mechanisms**

- a) **Everyday supervision by managers.** Close supervision by superiors of the activities undertaken by people who make up the working teams is the main source of detection. All international organisations working in the fight against and prevention of corruption coincide in this point.
- b) **Internal audits and controls.** Internal audits and controls are probably the most well-known and usual detection mechanisms in public bodies. But it is not enough just to have them: their efficiency depends on the use made of them. Besides identifying legal and formal non-conformities in procedures, they are also very useful tools in detecting cases of corruption and malpractice.
- c) **Mailboxes and other instruments to receive complaints and claims** from citizens and users. We know that an effective way to manage complaints and information received from citizens, users, clients, suppliers or anyone outside the institution is essential to the quality of service. But in addition it provides

information that may prove useful to the institution to detect conduct that places its integrity at risk. International experience indicates that the percentage of corruption cases detected through this channel is low. Nonetheless, if these mechanisms already exist, it is just a matter of managing them effectively as a source of potential alerts, ensuring that the information received is employed to identify tendencies, areas, functions or posts where the complaints point to possible transgressions and guaranteeing that they will be investigated in due course.

- d) **An effective internal reporting system** is essential to enable members of staff to report cases of corruption and other transgressions and to guarantee that these people are protected. International experience refers to various types of systems, such as dedicated electronic mailboxes specifically for this purpose, free 24-hour hotlines, and so on. Some accept anonymous complaints; others do not but guarantee to protect the whistleblower's identity if requested. These are, however, mechanisms whose management is highly complex. The organisation must ensure their application is impartial but also equal for everyone; be prepared to properly manage complaints made in bad faith; guarantee there will be no reprisals; have previously identified what type of cases it expects will be reported through this channel, and work to ensure the organisational culture accepts such channels as valid. Thus they also tend to be quite expensive, not only in financial terms but also because of the resources they require (in the shape of people, time and materials). The success of known experiences varies substantially depending on the case, and a good deal of it is due to the way in which the mechanism is integrated with respect to the institution's other integrity system tools. But in certain types of organisations (for example, those that are very big and have organisational structures in which transgressions and corruption are deeply rooted), they can have a shock effect and send an unmistakable signal of the desire to introduce a new institutional ethical leadership.

- **Response and penalty mechanisms.** The adequate response to allegations or suspicions of corruption, transgressions, malpractice or improper conduct is crucial. The information gathered and lessons learned with each response should form part of a continuous process of review of preventive controls to ensure they cover all risks, and are effective. There are essentially four response tools: internal investigations, punitive measures, reporting to the appropriate external bodies and review of corruption prevention controls.

- a) **Internal investigations.** Deciding whether or not to launch an internal investigation is a fundamental part of the way an organisation responds to conduct it detects or suspects may be corrupt. The purpose of an internal

investigation is always to establish what really happened and identify what actions should be set in motion to protect the institution from loss or damage. It is thus an exercise of investigation into the facts; it is neither a trial nor a court. Investigations may discover events and may even offer recommendations, but their function is not to act upon the events or implement the recommendations. The authorities, directors or senior managers (depending on the seriousness of the case) will be responsible for taking the appropriate action regarding the facts and implementing any recommendations received. All internal investigations must be governed by what we could call *procedural equity* or *procedural justice*, in other words, before any judgement is made, the person under investigation must be given the opportunity to speak about the adverse evidence found. Those conducting the investigation must be objective and impartial and any action that is to be taken must be evidence-based (not the result of suspicions or speculation). A badly-conducted internal investigation can produce results that range from corrupt behaviour going unpunished to people under investigation being treated unfairly and, in all cases, the organisation's resources being misspent or wasted.

- b) **Punitive measures.** To be effective, punitive measures must be adopted by the competent bodies in accordance with the regulations. This is an extremely significant response tool because it increases the perception of the cost exacted by the transgression: the confidence that a penalty will be imposed effectively and that it will be proportionate to the seriousness of the infringement has a strong dissuasive effect. Penalties are, therefore, contingent instruments – of concrete response to a demonstrated transgression – but also preventive, because they dissuade others from doing something similar. It is thus extremely important to take care in how these punitive responses are communicated to the rest of the organisation, once the internal investigation has been closed, because they will impact upon the ethical organisational culture. In contrast, any lack of response will send a message of impunity.
- c) **Reporting to external bodies.** This refers to cases in which the institutions pass information they receive to competent external bodies (prosecution service, national courts, other external control institutions, bodies responsible for assets recovery, etc.). Guidelines to this process should be available in each organisation to ensure the consistency of response. This will help avoid allegations of bias in deciding which investigations or incidents are reported and which not. Promptness or diligence is one of the most important aspects in reporting these cases: the longer it takes to report the more serious the matter may become; identification of the people involved may become complicated and the collection of evidence compromised.
- d) **Review of corruption prevention controls.** These reviews are intended to

ensure the controls operate adequately and provide satisfactory oversight for the institution. The review should form part of the corruption risk management routine and internal audit processes. Examples of the controls that should be candidates for review include the systems for reporting corrupt conduct, complaint management processes, audits, investigations, disciplinary procedures and the entire risk management system.

In short, all of these mechanisms are key tools in the prevention of corruption and other risks to integrity if they are identified, properly communicated and managed, and the people that make up the organisation perceive that “it’s alright” to use them.

## 7.5 Dare to manage integrity

With these lines I have tried to convey something that experience at the Anti-Fraud Office has repeatedly demonstrated: strictly preventive actions to combat corruption (detection and response tools or risk management processes) are not enough to guarantee the integrity of a public entity. This institutional integrity has to be guided and orientated as clearly as possible, must enjoy hierarchical support and be operationally viable.

The level of integrity of a public entity results from the daily activity of each and every one of the people who work in or for that organisation: from its highest representative (minister, mayor, chairman, director, etc.) to any private company that provides a public service on behalf of the organisation, and including any and all of its employees. The more coherence or consistency there is between these activities and the principles, values and rules of the legal order, the greater the entity’s institutional integrity.

As we have seen, institutional integrity requires somewhat more than approval of an anticorruption policy or drafting of a code of ethics. It comes about when the operational functioning of the institution (policies, processes and procedures, working systems and so on), its ethical standards and its corruption prevention strategies are fully integrated to enable the purposes for which the institution was created to be achieved.

Is starting to work on actively managing this integrity worth the effort? We at the Anti-Fraud Office of Catalonia have no doubt that it is. So it seems appropriate to end with some arguments to convince those who are still unsure:

- Organisations with high levels of integrity are more effective and efficient: they serve citizens better and become models of behaviour.

- Their decision-making processes are simpler and more consistent, and their employees find it easier to deal with new challenges, problems and ethical dilemmas.
- They have lower staff turnover. Their employees are more committed and satisfied, experience less stress and feel they have more personal development opportunities.
- They reduce the likelihood of corruption and of suffering serious institutional crises resulting from not having managed incidents, internal complaints or external investigations properly.

They are in short, more competitive and enjoy a better reputation.

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