

# Guideline for systems approach to corruption prevention

## 1 Background

To achieve any organizational goal, there should be proper systems consisting of laws, rules, procedures and processes. Such systems should be regularly reviewed in order to ensure appropriateness and effectiveness. They should not be an end in themselves, but a means of assuring public interest or an organizational goal. Conflicting and/or inadequate or multiplicity of laws and regulations can cause corruption. Likewise, lengthy processes also place huge administrative and financial burden on the government and public, ultimately affecting the quality of services. Further, at times, over-regulation and complicated procedures make it difficult for people to comprehend and hence may hinder compliance. Both these situations can also lead to corruption. As such, in many instances, corruption is attributable to systems weakness and non-compliance with systems.

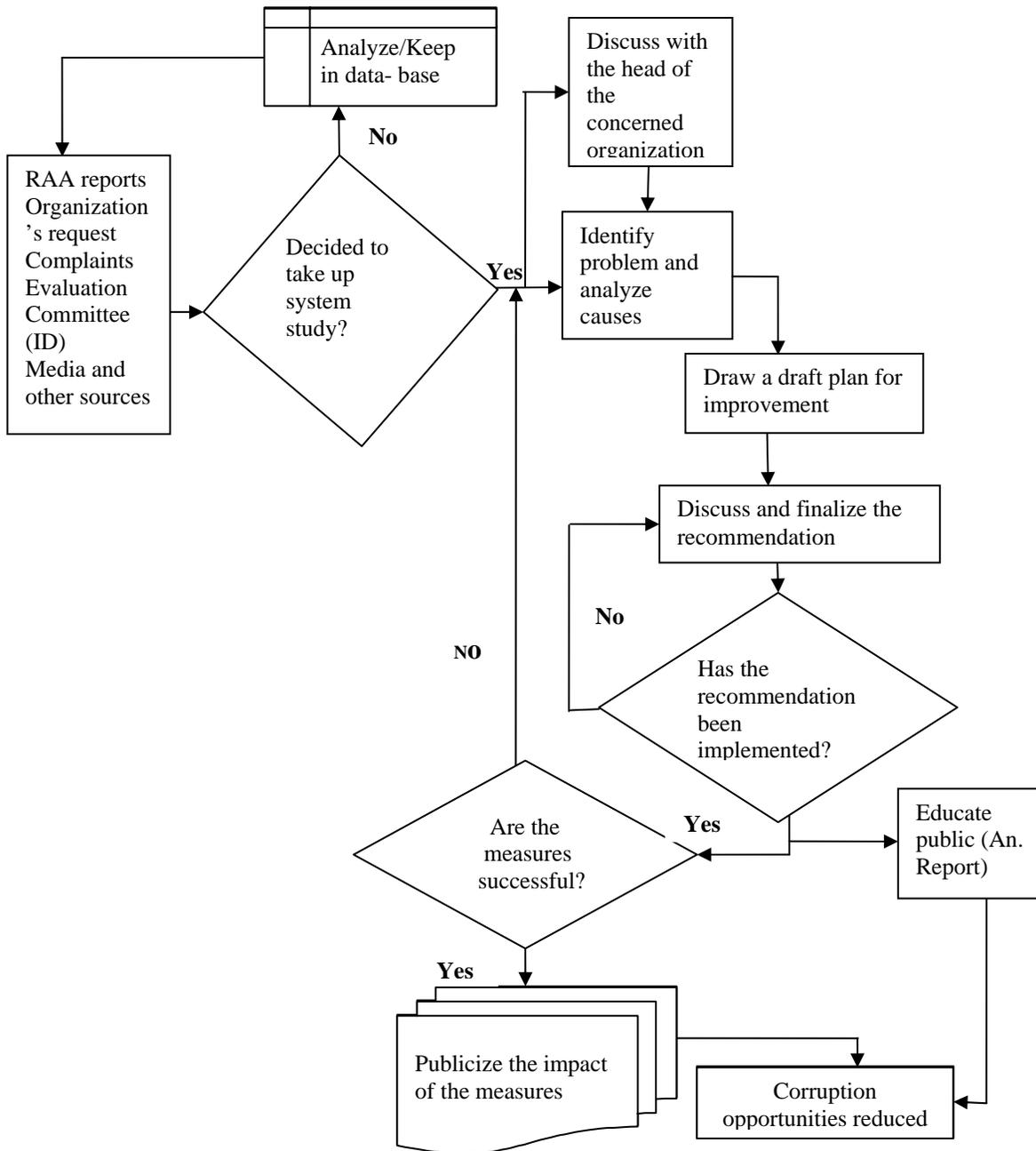
While the first nature of system related corruption may be relatively easy to address, the second nature may be more difficult. The non-compliance may be caused by cumbersome systems or organizations' negligence, weak enforcement and indifference. System study, therefore, is complex and a long term approach to preventing corruption. Therefore, the effort has to be conscious, conscientious and continuous.

As one core function, Prevention Division (PD) undertakes system studies. System studies can be prompted by various sources, such as research and studies, perception surveys, complaints, vulnerability to corruption, media, etc. In order to garner concerted efforts, ensure transparency and accountability and for efficacious results, there is a need to establish a standardized procedure for conducting and following up system studies. More importantly, such a procedure should be able to facilitate logical conclusion of such studies.

## 2 System study

System studies have been grouped under two categories: reactive system study and proactive system study. In this context, reactive system study refers to study during investigation, and proactive refers to the rest. Sources of information indicating the need for system studies could be numerous. Studies, surveys, government directives, Royal Audit Authority's reports, formal complaints and media are the major sources. Prevention Division (PD) receives RAA reports and formal complaints through the Complaints Evaluation Committee (CEC). PD has to standardize a process to administer and manage them effectively, which may lead to systems studies that will engage PD, ACC and the agency concerned.

Figure-1 is the system study framework adapted from the system study models of Singapore and South Korea. It provides a general process of handling studies studies.



*Fig-1: Proactive System study framework*

## 2.1 Process

The following are the basic steps of system study:

- 2.1.1 Any system study has to be approved by the commission and subsequently reflected in the weekly work plan or annual plan.

- 2.1.2 In case the involvement of the concerned organization is required, the Prevention Officer In-charge/Team should have an initial meeting with the head of the organization to discuss the study area/plan and identification of a counterpart.
- 2.1.3 Assess problems and causes. In the event of absence of problems, analyze the environment under which the allegation was made and share with the organization. In order to avoid duplication, it is important to ascertain if the concerned organization or other relevant organization has any plans in this respect. This will not only generate confidence but also encourage the organization to take ownership of the initiative.
- 2.1.4 Subsequently, the PO/team shall prepare a draft plan for improvement of the system and share with the concerned organization for its views and comments. Similarly, PO/team should consider the concerned organization's any up coming or ongoing initiatives taken, for complementarities of efforts.
- 2.1.5 Present to the organization the findings and implementation plan of the recommendations. The plan should be disseminated to all relevant stakeholders.
- 2.1.6 The counterpart shall be used as the focal point for future follow-up.
- 2.1.7 After a period of three months, PD should follow up on the implementation of the recommendations and reflect in the ACC's annual report to the Parliament.
- 2.1.8 Inability of the concerned organizations to implement the recommendations should be discussed and new time-frame for implementation set.
- 2.1.9 Impacts of the recommendations shall be assessed after a time gap of two years and the report included in the annual report for public information. Impacts of simpler and less complex recommendation can be assessed even earlier.
- 2.1.10 System studies shall not be carried out in organizations where an investigation is underway. To ensure this, PD has to check with the ID.

## **2.1.2. Policies**

Prevention Division is always guided by its broad policies, one of which is ensuring availability of core competencies for every initiative or function. Prevention officers should have authority over the subject matter, tools and persuasive analytical and communication skills. They should always be ahead of the others. Some basic things to remember:

- Plan and have questions;
- Always ask right person, right questions, e.g. asking questions related to management to Operational group and vice-versa;
- Avoid confrontation;
- Rely on records; and
- Use other reliable sources

## **2.2. System Study during investigation (Reactive)**

System correction recommendations as a result of investigations are the most effective form of recommendation. Acceptability of recommendations by agencies is assured since they would not have reasons to resist. There are several ways of drawing such recommendations based on investigation. The following are the three possible options, which can be applied depending on the nature of cases:

### **2.2.1 Full involvement of a prevention officer**

Under this option, a prevention officer (PO) can be involved in the investigation to be fairly aware of the subject matter (focus of area being identification of systems loopholes that led to corrupt behavior). The need for PO's involvement shall be decided by the Commission. In the process of investigation, the PO and the Investigation Officers (IOs) should be able to gather indications of system related causes that facilitated the commission of corruption offence. Once adequate information on system lapses have been gathered, he/she would require to conduct an in depth analysis of 'Why' and 'How' the corruption occurred. Therefore, at an appropriate stage of the process, the PO can withdraw from the investigation in order to focus on system correction recommendations. Investigation officer should continue feeding PO with system lapses indications, if discovered in the subsequent stage of the investigation. Simultaneously, PO can also feed useful information to IO for mutual enrichment. The role of the PO and the extent of his involvement can be decided in consultation with the team leader or during the investigation team coordination meetings, if available.

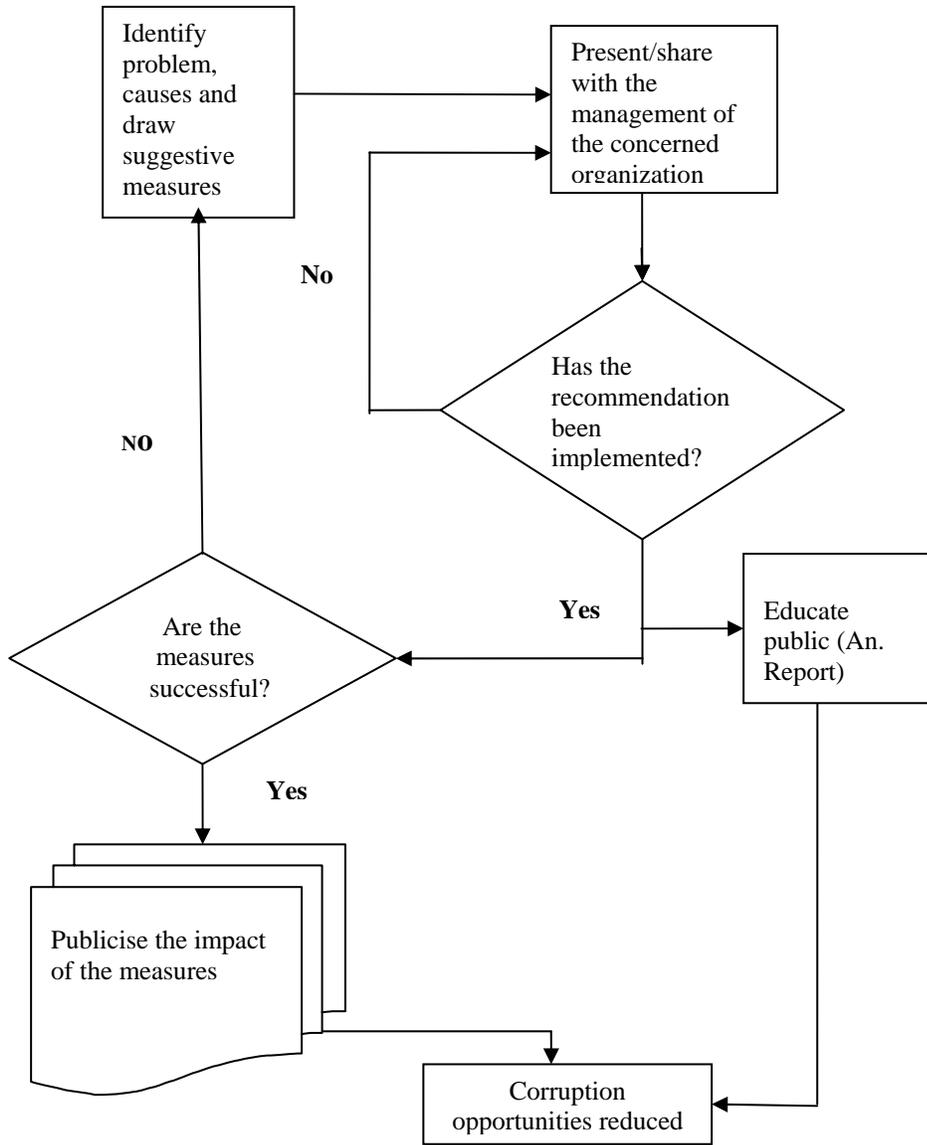
### **2.2.2. Recommendation derived from the final Investigation report**

The second alternative is for prevention officer to derive recommendation from the final investigation report without his/her involvement in the actual investigation. This may happen in less complicated cases. This option would not generate the concern over confidentiality of information while the investigation is underway.

### **2.2.3 Investigation Officers draw system correction recommendations**

The third option is that the concerned investigation team formulates system correction recommendation as part of the investigation report. This may happen in simple and brief cases.

**Fig-2: Reactive/ investigated related System study framework**



### **2.2.4 Process**

The following are the basic steps of system study:

2.2.4.1 Suggestive system correction recommendations based on the investigation should be presented/shared with the concerned management.

2.2.4.2 After a period of three months, PD should follow up on the implementation of the recommendations and reflect in the ACC's annual report to the Parliament.

2.2.4.3 Inability of the concerned organizations to implement the recommendations should be discussed and new time-frame for implementation set.

2.2.4.4 Impacts of the recommendations shall be assessed after a time gap of two years and the report should be included in the annual report for public information. Impacts of simpler and less complex recommendation can be assessed even earlier.

### **3. Conclusion**

This protocol of system studies will come into force following the endorsement of stakeholders and the Anti-Corruption Commission. It will be issued through an executive order of the Commission.

The protocol is a dynamic process, which will be amended based on the lessons drawn from its implementation and best practices from within the domestic system and beyond.

## **Corruption Prevention Department (CPD), ICAC, Hong Kong**

CPD has various groups, including special project group and management group, dedicated to different sectors. Corruption Prevention Advisory Committee (CPAC) is the oversight body consisting of representatives from various organizations appointed by the Chief Executive. The Chief Prevention Officer of the Management and Administration group acts as the secretary to the CPAC.

Normally, the following are considered as vulnerable areas that warrant system studies: Legislation; Policy; Money; Major project; New procedures; Media reports; Complaints (substantiated and unsubstantiated); Annual budget; Client referrals; Procurement; Licensing; etc.

Once the study areas are approved by the CPAC, CPAC sub-committee and Corruption Prevention group prioritize and identify assignment officers. Corruption Prevention Group consists of the assignment officer, the CPD director and a senior manager of the agency where the study is to be carried out. The concerned organization is always involved and the senior manager of the concerned organizations chairs the group to monitor and review the work of the assignment officer.

The following is the standard system study process:

1. Research (background)
2. Kick-off
3. Fact-Finding (collecting information, understanding procedures/systems...)
4. Formulating recommendation
5. Drafting report
6. Discussing with client

Study recommendations have to be scrutinized by the CPAC and agreed by the client department.

All system studies are treated confidential. Therefore, a copy of the report is submitted to the CPAC, which eventually returns the copy to CPD. Public can access a copy, if necessary, only from the client department.

CPD does not involve in investigation in order to detect system lapses, but liaises with the operations department to find out if any system lapses contributed to corruption. CPD also contacts operations department before launching any system studies to ensure avoiding of alerting any suspects or accused.

CPD too emphasizes partnership using top-down approach (top mgt. commitment and support) to conduct any system studies.

Usually, an assignment officer (Corruption Prevention Officer) carries out 4 assignments annually.