OECD Public Governance Reviews

OECD Integrity Review of Colombia

INVESTING IN INTEGRITY FOR PEACE AND PROSPERITY

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BETTER POLICIES FOR BETTER LIVES

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Foreword

Colombia is facing a crucial moment in its history. By signing the Peace Agreement in 2016 between the Government and the largest guerrilla group, Colombia brought to a formal end one of the longest civil wars in recent history and laid the basis for what the Nobel Committee called a "just peace". The conflict lasted over five decades and caused immense suffering. It also damaged the credibility of state institutions, left deep scars in society and eroded the trust of the citizens in their government, especially in conflict-ridden rural areas. In the shadow of the conflict, systemic corruption, state capture and organised crime were able to spread and connect, further undermining the state's legitimacy.

In spite of these challenges, Colombia has managed to maintain macroeconomic stability and has been able to build a strong democratic foundation through the 1991 Political Constitution of Colombia. Furthermore, over the last decade, the country has adopted and implemented important reforms to strengthen public policies, many of them triggered and supported by the process of the country's path to accession to the OECD. These strengths will be invaluable assets in ensuring that peace is sustained and that Colombia continues its path towards stronger institutions and good governance.

However, experiences from post-conflict processes around the world highlight the dangers to enduring and sustainable peace of downplaying the risks of corruption. Implementing the Colombian Peace Agreement will require important financial investments, involve many actors, and take place in areas with weak state capacities. A lack of integrity in these processes could not only endanger their effectiveness, but could even lead to new conflict and the entrenchment of criminal actors. The Peace Agreement acknowledges this risk and calls for transparency and citizen oversight, but the Colombian integrity system will nonetheless face significant challenges over the next several years.

This Integrity Review takes an in-depth look at the Colombian public integrity system, focusing in particular on three aspects. First, it provides concrete recommendations on how to strengthen the institutional arrangements for steering integrity policies and ensuring co-ordination among key integrity actors at both national and sub-national levels, in particular the National Moralisation Commission, the Regional Moralisation Commissions and the Transparency Secretariat. Second, the review examines the current policies and practices for mainstreaming integrity policies throughout the Colombian public administration. More specifically, it provides policy recommendations and best practices on how to strengthen guidance on values and conflict of interest and ensure training, how to introduce integrity measures into human resource management, and how to improve the current asset declaration system. Third, the review analyses the framework and practices for risk management and internal control, crucial for accountability explicitly mentioned in the Peace Agreement. The Administrative Department of the Public Service plays a crucial role in cultivating a culture of integrity in the public administration and promoting risk management and internal control, but needs adequate human and financial resources to fulfil this fundamental mandate.

Overall, the recommendations of this Integrity Review not only seek to reinforce a comprehensive integrity system, but also to help strengthen Colombia's resilience against conflict, sustain the country's path towards a more inclusive and sustainable development, and build trust in the legitimacy of the state.

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The review was approved by the OECD Working Party of Senior Public Integrity Officials (SPIO) on 17 April 2017 and declassified by the Public Governance Committee on 12 May 2017.

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Acronyms and abbreviations

ACFE	Association of Fraud Examiners
ACR	*Agencia Colombiana para la Reintegración* Colombian Agency for Reintegration
AFIP	*Administración Federal de Ingresos Publicos* Federal Administration of Public Revenues Agency (Argentina)
ASF	*Auditoría Superior de la Federación* Supreme Audit Institution (Mexico)
BIS	Business Information Service
C4	*Comando Anticorrupción* Anticorruption Task Force
CAAF	*Comité d'Audit de l'Administration Fédérale* Federal Administration Audit Committee (Belgium)
CAAT	Computer-Assisted Audit Technique
CAE	Chief Audit Executive
CAN	*Comisión de Alto Nivelo Anticorrupción* High-level Commission against Corruption (Peru)
CCE	*Agencia Nacional de Contratación Pública – Colombia Compra Eficiente* Central Procurement Agency
CCOIN	Canadian Conflict of Interest Network
CFE	Certified Fraud Examiner
CGAP	Certified Government Auditing Professional
CGR	*Contraloría General de la República* Comptroller General
CGR Chile	*Contraloría General de la República de Chile* Comptroller General (Chile)
CIA	Certified Internal Auditor
CIAC	*Comisión de Integridad y Anti-corrupción* Commission for Integrity and Anti-corruption
CIP	*Consejo Interinstitucional del Posconflicto* Inter-institutional Council for Post-conflict
CISA	Certified Information Systems Auditor (Canada)
CIT	*Comisión de Integridad y Transparencia* Commission for Integrity and Transparency

CIVIT	*Commissione per la valutazione, la trasparenza e l'integrità delle amministrazioni pubbliche* Independent Commission for the Appraisal, Integrity and Transparency of Public Administrations (Italy)
CNCLCC	*Comisión Nacional Ciudadana para la Lucha Contra la Corrupción* National Citizens Committee for the Fight against Corruption
CNE	*Consejo Nacional Electoral* National Electoral Council
CNM	*Comisión Nacional de Moralización* National Moralisation Commission
CNSC	*Comisión Nacional del Servicio Civil* National Civil Service Commission
COI	Conflict of Interest
CONPES	*Consejo Nacional de Política Económica y Social* National Council for Economic and Social Policy
COSO	Committee of Sponsoring Organisations of the Treadway Commission
CPI	Corruption Perception Index
CRA	*Comisiones Regionales Anticorrupción* Regional Anti-corruption Commissions (Peru)
CRD	Community Relations Department (Hong Kong)
CRM	*Comisiones Regionales de Moralización* Regional Moralisation Commissions
CSIVI	*Comisión de Seguimiento, Impulso y Verificación a la Implementación* Commission for the Follow-up, Impulse and Verification of the Implementation of the Peace Agreement
DAC	Departmental Audit Committee (Canada)
DAFP	*Departamento Administrativo de la Función Pública* Administrative Department of the Public Service
DANE	*Departamento Administrativo Nacional de Estadística* National Administrative Department of Statistics
DAPRE	*Departamento Administrativo de la Presidencia de la República* Administrative Department of the Presidency of the Republic
DNP	*Departamento Administrativo de Planeación* Administrative Department for Planning
DPS	*Departamento para la Prosperidad Social* Department for Social Prosperity
EDI	*Encuesta Sobre Ambiente y Desempeño Institucional Nacional* Survey on National Institutional Environment and Performance
ENA	*École National d'Administration* National School for Public Administration (France)
ESAP	*Escuela Superior de Administración Pública* Higher School of Public Administration

EVA	*Espacio Virtual de Asesoría* Virtual Advice Space
FARC	*Fuerzas Armadas Revolucionarias de Colombia* Armed Revolutionary Forces of Colombia
FDA	Forensic Data Analytics
FGN	*Fiscalía General de la Nación* Prosecutor General
FMR	Financial Management Review (United Kingdom)
FONADE	*Fondo Financiero de Proyectos de Desarrollo* National Fund for Development Projects
TFJA	*Tribunal Federal de Justicia Administrativa* Federal Tribunal of Administrative Justice (Mexico)
FURAG	*Formulario Único de Progreso en Gestión* Single Form for Reporting Progress in Management
GIAA	Government Internal Audit Agency (United Kingdom)
GLILC	*Grupo Laboratorio de Innovación en Lucha contra la Corrupción* Laboratory for Innovations in the Fight against Corruption
GRAP	*Grupo de Revisión y Análisis de Peticiones, Denuncias y Reclamos de Corrupción* Group for the Review and Analysis of Petitions, Reports and Complaints of Corruption
GTALCC	*Grupo de Política de Transparencia, Acceso a la Información y Lucha contra la Corrupción* Policy Group on Transparency, Access to Information and Fight against Corruption
HATVP	*Haute Autorité pour la Transparence de la Vie Publique* High Authority for Transparency in Public Life
HCS	Head of the Civil Service (Poland)
HRM	Human Resource Management
IAD	Income and Asset Disclosure System (Unites States)
IARD Program	Internal Auditor Recruitment and Development Program (Canada)
ICAC	Independent Commission against Corruption (Hong Kong)
IFA	*Institut de Formation de l'Administration Federale* Federal Government Training Institute (Belgium)
IGA	*Índice de Gobierno Abierto* Index of Open Government
IIA	Institute of Internal Auditors
INAI	*Instituto Nacional de Transparencia, Acceso a la Información y Protección de Datos Personales* National Institute for Transparency, Access to Information and for the Protection of Personal Data (Mexico)
INTOSAI	International Organisation of Supreme Audit Institutions

IOPA	Office of Internal Oversight and Performance Assurance (United States)
IPPF	Institute of Internal Auditors' International Professional Practice Framework
ISACA	Information Systems Audit and Control Association (Canada)
KPI	Key Performance Indicator
MECI	*Modelo Estándar de Control Interno* Standard Internal Control Model
MENA	Middle East and North Africa
MIG	*Modelo Integrado de Gestión* Unified Management Model
MINHACIENDA	*Ministerio de Hacienda y Crédito Público* Ministry of Finance
MIP	*Modelo Integrado de Planificación* Integrated Model of Planning
NACS	*Sistema Nacional Anticorrupción* National Anti-corruption System (Mexico)
NGO	Non-governmental organization
OCI	*Oficina de Control Interno* Internal Control Office
OGE	Office of the Government of Ethics (United States)
OIV	*Organo Interno di Valutazione* Independent Performance Evaluation Body (Italy)
OLAF	*Office Europeéen de Lutte Antifraude* European Anti-Fraud Office
PCAOB	Public Company Accounting Oversight Board (United States)
PDCA	Plan, Do, Check, Act
PEP	Politically Exposed Person
PGN	*Procuraduría General de la Nación* Inspector General
PPIA	*Política Pública Integral Anticorrupción* Comprehensive Public Anti-corruption Policy
PSQR	*Peticiones, sugerencias, quejas y reclamos* Petitions, suggestions, complaints and objections
SARFC	Fraud and Corruption Risk Assessment System
SARLAFT	Money Laundering And Financing Terrorism Risk Assessment System
SARO	Operational Risk Assessessment System
SFP	*Secretaría de Función Pública* Ministry of Public Administration (Mexico)
SIGEP	*Sistema de Información y Gestión del Empleo Público* System of Information and Management of Public Employment

SNA	*Scuola Nazionale dell'Amministrazione* National School of Public Administration (Italy)
SOE	State Owned Enterprise
ST	*Secretaría de Transparencia* Transparency Secretariat
TIAPS	Training for Internal Auditors in the Public Sector (Canada)
UEEPCI	*Unidad Especializada en Ética y Prevención de Conflictos de Interés* Specialized Unit for Ethics and Prevention of Conflicts of Interest (Mexico)
UIAF	*Unidad de Información y Análisis Financiero* Unit of Financial information and Analysis
UNCAC	United Nations Convention against Corruption

Executive summary

Creating a coherent and comprehensive public integrity system in Colombia is essential to safeguard the inclusiveness of the socio-economic progress made in recent years. Moreover, after more than half a century of conflict, it is crucial to promote and build the legitimacy of the state and support the implementation of the *General Agreement for the Termination of the Conflict and the Construction of a Stable and Lasting Peace*. Mainstreaming integrity throughout post-conflict policies and creating solid co-ordination mechanisms with institutions working on integrity will contribute to achieving sustainable peace.

Ensuring a comprehensive and coherent public integrity system

At national level, institutional co-ordination of the Colombian public integrity system takes place through the National Moralisation Commission (CNM), which brings together integrity actors and steers national integrity policy. However, the CNM could also include the National Electoral Council (CNE) and the Administrative Department of the Public Service (DAFP) as full members. The former is crucial to safeguarding the integrity of elections, and the latter is the main actor for developing and implementing integrity policies in the executive branch. In addition, the co-ordinating and steering potential of the CNM could be enhanced through more technical and regular discussions among the actors and stronger links with the National Citizen Commission for the Fight against Corruption.

At the regional level, each department in Colombia has set up a Regional Moralisation Commission (CRMs). Although this represents a positive step forward, a strategic approach is needed to strengthen the integrity-related capacities of the local public administration in co-ordination with the CRMs and other local initiatives such as the integrity pacts and integrity links. The institutional arrangements of the CRMs could be improved to ensure a comprehensive and co-ordinated approach at territorial level by making sure that all three branches are represented, as is the case in the CNM. The CRMs could also establish technical units to ensure continuity and effectiveness. Moreover, it is important that both central and subnational levels have the capacities and financial resources to operate effectively, as well as mechanisms for dialogue and co-operation among CRMs.

The Transparency Secretariat (ST) supports the CNM and co-ordinates anti-corruption policies across the whole-of-government and society. To help the ST fulfil this role, Colombia could institutionalise the practice of inviting it to the Council of Ministers. A stronger formalisation of the Secretary of Transparency would bolster its legitimacy vis-à-vis other high-ranking public officials. Introducing checks and balances in the appointment and removal of the Secretary of Transparency would ensure that the position will not be subject to interference or used for personal benefits. Finally, granting the ST a higher degree of administrative and financial independence would help it focus on core priorities and develop strategic and operational planning capacity, while overcoming challenges related to contracting, human resources management and communication.

Cultivating a culture of integrity

The DAFP is best positioned to provide policy guidance and implementation support for mainstreaming integrity throughout the public administration. Integrity contact points could be established within each public entity to encourage an open organisational culture of integrity. The integrity management framework and General Integrity Code currently developed by the DAFP lay the foundation for promoting integrity in the administration. The framework should be based on the identification and prevention of corruption risks, and include guidance on ethical dilemmas and conflict of interest. The current reform also provides the opportunity to revise existing organisational codes, aligning them with the principles of the General Integrity Code while reflecting each organisation's specific needs. The DAFP and the National Civil Service Commission could mainstream integrity in human resource management, for instance by including integrity criteria in the recruitment process and annual performance evaluations. In addition, a set of specific training courses on integrity could be developed by the Higher School of Public Administration, whose governance rules should be reviewed, however, to ensure accountability, and adequate independence from the executive.

Colombia's asset declaration system suffers several weaknesses, affecting each step of the disclosure system, from the type of information submitted to an ineffective audit process. To leverage the system's potential to build public trust and strengthen the public integrity system, Colombia could narrow the scope of public officials required to submit a declaration, based on risk, and request further information related to possible conflict of interests. Verification has to be ensured by mandating one agency, for example the Inspector General, the power to cross-check information, or by making parts of the declarations publically available to enable citizen oversight.

Taking a risk-based approach to strengthen and mainstream internal control

A solid internal control system is not only crucial for safeguarding integrity, but also for strengthening accountability, cost-effectiveness and, ultimately, the effective delivery of public services. Colombia has developed an identification and assessment model for institutional risks (*Modelo Estándar de Control Interno*, or MECI) and a separate, explicit anti-corruption risk management process. While the two systems are aligned, they often result in duplication of effort given different reporting channels. To create synergies between the two processes, Colombia could gradually integrate corruption risk management into the standard MECI process. The development of the Unified Management Model, incorporating internal control components and functions as an integral part of the public governance and management cycle, is a significant step towards streamlining internal control. Currently, three governmental actors are assessing the effectiveness of internal control. A further alignment of the methodologies would help to avoid overlapping and competing evaluations while improving the validity of findings.

Colombia has ensured the meritocratic selection and appointment of skilled experts as heads of internal control offices (OCIs) at the national level. However, attracting and retaining competent personnel in the OCIs and establishing strong and independent OCIs at the territorial level are still presenting challenges. Colombia could consider transferring the budget line for OCI staff remuneration from the individual institutions to the DAFP and designing a coherent training and certification programme to support the implementation of reforms. Furthermore, independent audit and risk boards or committees could be introduced to ensure the independence of the internal audit function.

Chapter 1

Ensuring a comprehensive and coherent public integrity system in Colombia

The experience of OECD countries shows that effective institutional arrangements and co-ordination are key elements in enhancing public sector integrity and preventing and combating corruption. Taking into account the 2016 Peace Agreement, this chapter analyses the current institutional arrangement of the Colombian public integrity system and provides recommendations to enhance co-ordination and ensure impact.

Corruption and lack of integrity in public decision-making are a threat to inclusive growth, undermine the values of democracy and trust in governments, and impede an effective delivery of public services. While cases of corruption need to be investigated and sanctioned, more in-depth preventive actions are necessary to address systemic and institutional weaknesses that facilitate corruption in the first place. Put differently, countries face the challenge to move from a reactive "culture of cases" to a proactive "culture of integrity".

Given the complexity and wide variety of integrity breaches and corrupt practices, a preventive approach to corruption requires a coherent and effective public integrity system. Indeed, managing public integrity is not only a responsibility of a specialised anti-corruption body, but also a responsibility of all organisations within the public sector. The private sector, civil society and citizens also share a responsibility in tackling corruption and ensuring public integrity, defined by the OECD as the consistent alignment of, and adherence to, shared ethical values, principles and norms for upholding and prioritising the public interest over private interests (OECD, 2017d).

Country practices and experiences show that an effective public integrity system requires demonstrating commitment at the highest political and management levels of the public sector. Moreover, it also requires clarifying institutional responsibilities at the relevant levels (organisational, subnational or national, and sectors) for designing, leading and implementing the elements of the integrity system which will ultimately serve to ensure appropriate mandates and capacities to fulfil these responsibilities. Since the promotion of integrity involves many different actors, mechanisms for horizontal and vertical co-operation between the actors, sectors and sub-national levels have to be put in place in order to avoid fragmentation, overlap and gaps. This will, support coherence and allow for sharing and building on lessons learned from good practices.

Over the past decade, Colombia has adopted comprehensive measures aimed at consolidating the legal framework to enhance integrity. Law 1474 of 2011, the Anti-corruption Statute (*Estatuto Anticorrupción*), redefines the legal framework to fight corruption and seeks to strengthen mechanisms to prevent, investigate and punish acts of corruption and enhance the effectiveness of public control. At the policy level, the Comprehensive Public Anti-corruption Policy (*Política Pública Integral Anticorrupción*, PPIA, document of the National Council for Economic and Social Policy, *Consejo Nacional de Política Económica y Social*, CONPES 167) developed the main framework to fight corruption for the period 2013–2017, and is designed around five main strategies: (1) improve access and quality of public information to prevent corruption; (2) improve public management tools to prevent corruption; (3) increase the incidence of social control in the fight against corruption; (4) promote integrity and a culture of legality in the State and society; and (5) reduce impunity in corruption. In the construction of a new Comprehensive Public Anti-corruption Policy, it would be important that the Government of Colombia incorporates, to the extent possible, the recommendations of the present Integrity Review.

At the institutional level, according to Law 1474 of 2011, the special bodies for the fight against corruption are: the National Moralisation Commission (*Comisión Nacional*

de Moralización, CNM); the Regional Moralisation Commissions (*Comisiones Regionales de Moralización*, CRM); the National Citizens Committee for the Fight against Corruption (*Comisión Nacional Ciudadana para la Lucha Contra la Corrupción*, CNCLCC); and the Transparency Secretariat. In addition, the Administrative Department of the Public Service (*Departamento Administrativo de la Función Pública*, DAFP) is playing a key role through its core mandates on public management, human resource management, organisational development, and internal control. Chapter 2 on promoting public ethics in the public administration, conflict-of-interest management, and asset declarations, and chapter 3 on internal control and risk management, are entirely dedicated to the DAFP's mandate, capacities and current policies. An overview of these main actors is provided in Box 1.1.

Box 1.1. **Key actors in the Colombian Public Integrity System**

The **National Moralisation** Commission (CNM) is a high level mechanism to co-ordinate strategies to prevent and fight corruption. The CNM is a multipartite body composed of 13 members: the President of the Republic; the Inspector General (*Procuraduría General de la Nación*); the Prosecutor General (*Fiscalía General de la Nación*); the Comptroller General (*Contraloría General de la República*); the Auditor General (*Auditoría General de la República*); the National Ombudsman (*Defensoría del Pueblo*); the Secretary of Transparency; the President of the Congress; the President of the Senate; the President of the Supreme Court; the President of the Council of the State (*Consejo de Estado*); the Minister of Justice; and the Minister of the Interior. The CNM must ensure information and data exchange among the aforementioned bodies, establish indicators to assess transparency in the public administration, and adopt an annual strategy to promote ethical conduct in the public administration. The Commission issues reports and publishes the minutes of the meetings.

In addition, the CNM provides guidelines to be implemented by the **Regional Moralisation Commissions** (CRM) at sub-national level (Departments). The CRMs are co-ordination bodies comprising the regional representatives of the Inspector General (*Procuraduría General de la Nación*); the Prosecutor General (*Fiscalía General de la Nación*); the Comptroller General (*Contraloría General de la República*); the Council of the Judiciary (*Consejo Seccional de la Judicatura*); and the Departmental, Municipal and District Comptroller (*Contraloría Departamental, Municipal y Distrital*). In addition, other entities can be invited to the CRM when considered necessary, namely: the National Ombudsman (*Defensoría del Pueblo*), the Office of the Municipal Attorney (*personerías municipales*), the specialised branch of the technical police (*cuerpos especializados de policía técnica*), the Governor and the President of the Departmental Congress (*Presidente de la Asamblea Departamental*). The CRMs are in charge of investigating, preventing and co-ordinating the punishing of corruption cases in the regions.

The **National Citizens Committee for the Fight against Corruption** (CNCLCC) is the body that represents Colombian citizens to assess and improve policies to promote ethical conduct and curb corruption in both the public and private sectors. This Committee consists of representatives from a wide array of nine distinct sectors such as business associations, NGOs dedicated to the fight against corruption, universities, media, social audits representatives, trade unions and the Colombian Confederation of Freedom of Religious, Awareness and Worship. The CNCLCC ensures a civil society perspective and monitors policies, programmes and actions of the Government in the prevention, control of corruption, as well as sanctions against corruption. The CNCLCC issues a yearly report.

The **Transparency Secretariat** (*Secretaría de Transparencia*, ST) has been established in the office of the Presidency as the technical secretariat to the CNM by law 1474 and further regulated through Decree 4637 on 9 December 2011. The ST currently reports to the Administrative Department of the Presidency of the Republic (*Departamento Administrativo de la Presidencia de la República*, DAPRE). Its functions include: advising and assisting the President in the formulation, design and implementation of public policies on transparency and anti-corruption; developing instruments to understand and analyse the phenomenon of corruption, including an information system and the development of research; and to design, co-ordinate and implement

Box 1.1. **Key actors in the Colombian Public Integrity System** *(cont.)*

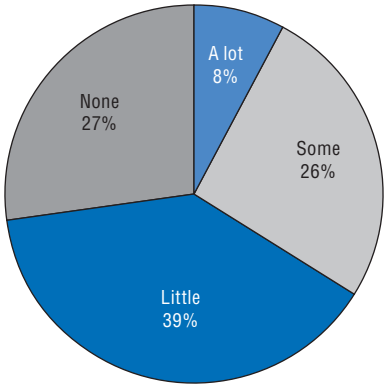
guidelines, mechanisms and prevention tools for institutional strengthening, citizen participation, social control, accountability, access to information, and a culture of probity. The ST is mandated to promote the co-ordination on transparency and anti-corruption among different entities in the different branches and supervisory bodies, at national and sub-national level.

The **Administrative Department of the Public Service** (*Departamento Administrativo de la Función Pública*, DAFP) is the governing body in matters of the civil service and human resources management, public management and evaluation, internal control and risk management, as well as organisational development. In addition, the DAFP is a further key actor in the elaboration and implementation of open government policies, providing tools for public entities to open spaces to promote and facilitate the participation of citizens in accountability exercises. In turn, the **Higher School of Public Administration** (*Escuela Superior de Administración Pública*, ESAP), created by Law 19 of 1958 and regulated by Decree 2083 from 1994, is an autonomous body attached to the DAFP which is endowed with legal personality, administrative autonomy, as well as budget and academic independency, which provides higher education and trainings for the civil service. In addition to the central school in Bogota, the ESAP has 15 schools at sub-national level. The National Civil Service Commission (*Comisión Nacional del Servicio Civil*, or CNSC) is by constitution responsible for the administration and supervision of the careers of public servants, except for those with special character, and plays thus a fundamental role in relation to the civil service recruitment processes.

Source: Own elaboration based on the OECD Integrity Review survey 2016.

Despite the reforms and efforts undertaken, most Colombians perceive no or little progress made in containing corruption (Figure 1.1). A recent Gallup Poll from February 2017 even shows that corruption is perceived as the main problem of the country: 30% of respondents say that corruption is the main problem, in front of security (18%), economy/purchasing power (25%) and others (25%). The same survey also shows that 85% of respondents consider that corruption is getting worse in Colombia (Gallup, 2017). Such representative surveys at the country level, usually referred to as barometers, reflect the views of "average citizens". These barometers may be more strongly influenced by scandals and media coverage than expert surveys such as the Corruption Perception Index (CPI), and must therefore be interpreted with due care. Nevertheless, they still provide useful information on how the average citizen perceives and experiences corruption in a given country at a given moment in time, and suggest that the government of Colombia should continue in strengthening its public integrity system and invest more efforts in achieving and communicating results to the population.

Figure 1.1. **Perceptions of progress made in fighting corruption in the State's institutions over the past two years (2015)**



Source: Latinobarómetro 2016, *www.latinobarometro.org*

The following sections analyse the current status quo of the Colombian integrity system and provide recommendations on how to improve it with respect to enhancing co-ordination and ensuring impact. This will begin with emphasising the importance of ensuring integrity in the implementation of the Peace Agreement (*Acuerdo final para la terminación del conflicto y la construcción de una paz estable y duradera*) signed in 2016.

Integrity for peace

To promote the legitimacy of the State and achieve sustainable peace, the capacities of local public administration need to be strengthened and integrity policies mainstreamed throughout the post-conflict policies and processes with emphasis on high-risk areas and sectors

On 25 August 2016, the chief negotiator of the Colombian Government with the Armed Revolutionary Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia*, FARC), Humberto De la Calle, made a statement recognising the importance of fighting corruption. De la Calle advocated for the Peace Agreement, especially at sub-national levels, also emphasising that the Peace Agreement provides an entry point to carry out important reforms to strengthen the country's anti-corruption efforts:

> *"This framework [the Peace Agreement] is also an opportunity to deepen the fight against corruption. This is a cancer that devours us. It ruins the legitimacy of institutions. It hits public finances hard. It is a stigma that equally compromises the public and private sectors. It is true that the circuits of corruption begin in politics, particularly in local politics. It is there, within the existing forms of governance where corruption is generated." (Presidency of Colombia, 2016)*

The challenge related to corruption and the opportunity offered by the Peace Agreement has been recognised by the Colombian Government and by the Guerrilla, the FARC-EP. Measures aimed at tackling corruption by increasing citizen participation, transparency and integrity have been incorporated throughout the Peace Agreement.

Indeed, whether real or perceived, corruption is generating distrust among citizens and may thereby undermine the legitimacy of public sector institutions. Clear and fair rules of the game that apply to everybody, where access to public services does not depend upon connections to public officials or available wealth, are not only key to restoring public trust, but are also a necessary condition to create an environment favourable to investment and sustainable growth. As such, mitigating corruption in Colombia will be an important ingredient to ensure that the Peace Agreement is implemented effectively and that the socio-economic progress made by the country over the past years is sustainable over time.

Research and evidence from post-conflict situations around the world show the need and the value of tackling corruption risks from the beginning on in peace building and reconstruction processes (Box 1.2). In contrast, neglecting corruption risks can endanger peace and even lead to the embezzlement of funds dedicated to the victims or the reconstruction process. In the worst cases, it can lead to breakouts of violence or the entrenchment of illegal actors who use corruption as a means to carry out illegal activities in areas with weak and corruptible state institutions. Mainstreaming an anti-corruption and integrity perspective into the upcoming post-conflict phase will contribute to safeguarding the objectives of peace. Likewise, co-ordination among the actors of the public integrity system with the responsible public entities for implementing post-conflict programmes and policies will be key over the coming years.

Box 1.2. **Integrity in the Post-Conflict Reconstruction Process**

The corrosive influence of corruption is evident in a country recovering from conflict. Manifesting itself in numerous ways, for instance funding and facilitating organised crime, or hindering the delivery of public goods and services, corruption intertwines itself into the political, social and economic functions of the state. Corruption's resilient nature means that if left unchecked, the post-conflict reconstruction phase can open the way for new opportunities, actors and corruption schemes that risk destabilising the national political and administrative systems. Networks formed during the conflict can leverage their positions afterward to entrench their power in peacetime through corruption (Galtung and Tisné, 2009).

Likewise, in the post-conflict process, corruption can multiply the inequalities within the population and political functions, increasing the risk of instability and return to conflict (OECD, 2009). Perhaps even more problematic is that corruption perceptions have been found to be heightened in the post-conflict reconstruction phase (Galtung and Tisné, 2009). While the immediate post-conflict period sets the stage for the future direction of the country, the hopes and dreams of the population rarely live up to the reality, as corruption and a lack of accountability persist or become more entrenched. This in turn undermines the legitimacy of the government, breeding disenchantment with reforms, eroding trust in democracy and institutions, and undermining the legitimacy of the state (Galtung and Tisné, 2009).

Despite the known destructive influence of corruption, evidence from past state-building examples has shown that fighting corruption can often take a back seat to more tangible and evident problems facing the country. However, both a failure to incorporate anti-corruption reforms into the post-conflict process, as well as an overly simplistic approach may result in future problems. Drawing on examples from recent reconstruction efforts, Doig and Tisne (2009) have shown that if left unchecked, corruption can further embed itself into government functions. For instance, they noted that in the case of Bosnia-Herzegovina, a "series of complications [resulting from corruption have taken] quite a toll on the effectiveness and efficiency of recovery." Likewise, drawing from the reconstruction efforts in Lebanon, they noted that institutional corruption has crippled the country's efforts to recover financially from the conflict, leading to a loss of confidence by the public (Doig and Tisné, 2009).

A key lesson that emerges from the failure to effectively incorporate integrity reforms into the state-building process is that integrity measures must be prioritised as an integral part of the reform process from the very start of the post-conflict reconstruction (Doig and Tisné, 2009). By incorporating integrity into the wider state-building process, policy makers can better understand the following (OECD, 2009):

- which reforms and risks of corruption to prioritise and when;
- which reforms to prioritise and how;
- how to approach the trade-off between corruption and stability; and
- how best to mitigate the unintended consequences of anti-corruption interventions.

In regards to service delivery, evidence suggests that integrity approaches should be layered into all components of the sector-based value chains (e.g. among public officials, between public and private sector actors, public officials and consumers) (OECD, 2009). This layering process involves scanning for corruption "hotspots" by monitoring the entire length of the value chain: policy making and regulation; planning and budgeting; donor financing; fiscal transfers; management and programme development; tendering and procurement; construction; operation maintenance and payment for services (OECD, 2009).

Overall, the challenge in the post-conflict process thus becomes twofold: (1) to target the types of corruption which, if left unchecked, could derail the transition; and (2) to layer integrity, transparency and accountability throughout the central process of state building in a way that reinforce stability and builds trust in state-society relations (OECD, 2009).

Source: Doig and Tisné (2009), Galtung and Tisné (2009), OECD (2009).

The commitment made by Colombia has to be followed by concrete actions. In this sense, the effort to map corruption risks in the post-conflict phase undertaken by the national chapter of Transparency International in Colombia (*Transparencia por Colombia*), with support from the UK Embassy and the International Organisation for Migration (*Mapa de Riesgos de corrupción preliminar para el posconflicto*), is highly commendable. The risk map belongs to a broader dialogue initiated by President Santos with *Transparencia por Colombia* and the National Citizens Committee for the Fight against Corruption (CNCLCC) with the aim to develop a system of transparency for the post-conflict phase (*Sistema de Transparencia para el Posconflicto*). An action plan based on the risk map is to be developed as part of the project. Colombia should ensure that the risk map is effectively used by public entities in guiding and informing policy making and that the action plan proposes concrete mitigating measures to be mainstreamed into priority sector policies, for instance justice, public security, attention of victims and land restitution, rural development, mining, education, or health.

Finally, by providing appropriate guidance and policies, the Administrative Office of the Public Service (DAFP) can help to ensure that public management capacities are strengthened and integrity is promoted in the public administration, giving special attention to conflict-affected areas as well as to particularly relevant sectors for the implementation of the Peace Agreement, in particular the integral rural development policies, political participation and attention and reparation of victims. In these areas, the capacities of the local public administration are likely to be particularly weak, vulnerable to corruption, and the trust citizens have in public institutions low. In fact, the Peace Agreement explicitly highlights the importance of strengthening internal control (Point 6.1.5), and recognises the importance of strengthening transparency and citizen participation throughout the document. The DAFP, through its guidance, plays a key role in strengthening integrity, human resource management and internal control, and in helping to develop organisational capacities at territorial level. In addition, Colombia needs to ensure that these high responsibilities aimed at making peace sustainable are matched with the required human and financial resources from the budget (see also chapters 2 and 3).

To ensure coherence between integrity and post-conflict policies, co-ordination should be enhanced between the institutions and instruments created in the process of the Peace Agreement and those of the Colombian public integrity system

In the process of the peace negotiations and through the final Peace Agreement, Colombia has been creating new institutions and mechanisms to implement, monitor and control the implementation of the agreements. Of particular relevance are the following two commissions:

- The **Commission for the Follow-up, Impulse and Verification of the Implementation of the Peace Agreement** (*Comisión de Seguimiento, Impulso y Verificación a la Implementación*, CSIVI), created at the beginning of December 2016 by the Peace Agreement (Point 6.1) and Decree 1995 from 2016. The CSIVI is composed by three members of the FARC-EP and three members appointed by the President of Colombia. The commission is responsible for overseeing the implementation of the Peace Agreement and resolve differences that may arise during these processes. Currently, the three members appointed by the government through Decree 062 from 2017 are: the High Commissioner for Peace (*Alto Comisionado para la Paz*), the High Counsellor for Postconflict, Human Rights and Security (*Alto Consejero para el Posconflicto, los Derechos Humanos y la Seguridad*), and the Minister of Interior.

- The **Inter-institutional Council for Post-conflict** (*Consejo Interinstitucional del Posconflicto*, CIP), created by Law 1753 from 2015 (article 127) and regulated by Decree 2176 from 2015. The members of the CIP are the High Commissioner for Peace, the Minister of Finance, the Minister of Interior, the Minister of Defence, the Minister of the Presidency, the Director of the Administrative Department for Planning (*Departamento Administrativo de Planeación*, or DNP), and the Director of the Department for Social Prosperity (*Departamento para la Prosperidad Social*, or DPS). The council is headed by the High Counsellor for Postconflict, Human Rights and Security (*Alto Consejero para el Posconflicto, los Derechos Humanos y la Seguridad*). Its aim is to facilitate inter-institutional co-ordination and the co-ordination between the national and territorial level, and to articulate all the institutions that contribute fundamentally to the post-conflict and the construction of peace.

However, while the risk of corruption and the value of integrity policies have been highlighted in the Peace Agreement, these two new institutions are not reflecting this commitment, as they do not include key actors of the Colombian public integrity system as outlined in Box 1.1. Of course, it is neither desirable nor feasible to significantly augment the composition of the CSIVI or the CPI. Nevertheless, co-ordination and information-sharing could be achieved by building formalised bridges between them and integrity actors. Indeed, the National Moralisation Commission (CNM) and the Regional Moralisation Commissions (CRM), through their members and through the technical secretariat, the Transparency Secretariat (ST), can play a key role in promoting integrity policies in the peace processes. Moreover, they can provide invaluable information to the decision makers responsible for the implementation of the Peace Agreement. Considering the key responsibilities of local authorities in the Colombian peace-building process, the CRM, with the participation of governors and mayors, should play a key role in raising awareness, identifying region-specific risks and propose legislative initiatives at the national level through the CNM to mitigate such risks. Therefore, a dedicated section in this chapter provides concrete recommendations on how to improve the CRM.

In particular, the Inter-institutional Council for Post-conflict (CIP) will play a key role in the post-conflict phase. As such, the Secretary of Transparency could become a permanent invitee in the Council according to article 4 of Decree 2176 from 2015; this would ensure that information flows between the Council and the members of the National Moralisation Commission and other relevant actors of the public integrity system. On the one hand, the Secretary of Transparency could promote that anti-corruption and integrity measures are taken into account in the CPI, and on the other hand, report back from the CPI to the National Moralisation Commission. This will ensure that its members are aware of all relevant developments when it comes to implementing the Peace Agreement. Similarly, the Secretary of Transparency could ensure co-ordination and exchange of information with other co-ordination spaces it is part of, such as the Inter-institutional Co-ordination Roundtable (*Mesa de coordinación interinstitucional*) for the Law on Transparency and Access to Public Information (*Ley de Transparencia y del Derecho de Acceso a la Información Pública*), the Inter-sectoral Commission of Services to the Citizens (*Comisión intersectorial de Servicio al Ciudadano*), and the Inter-institutional Working Group on citizen participation (*Mesa de Trabajo Institucional sobre Participación Ciudadana*).

In addition, Colombia could also consider inviting the head of the Inter-institutional Council (CIP) for Post-conflict to the meetings of the CNM, and establish clear working procedures and regular technical meetings between the Transparency Secretariat and the Technical Secretariat of the CPI. Overall, at decision-making and technical level, the

co-ordination between the CPI and the CNM should be based on concrete objectives, which are established in a work plan that can be monitored and evaluated for results to enable discussions and learning.

More specifically, a concrete outcome of the co-ordination could be related to the development and implementation of a mechanism to prioritise and deal with corruption allegations related to the implementation of the Peace Agreement, and as stipulated in the Peace Agreement (Point 2.2.5). The logic behind such a mechanism would be to ensure rapid response to corruption with the aim to safeguard the integrity of the process and contribute to restoring trust and legitimacy of the State. Concretely, an option would be to build on the existing Anticorruption Task Force (*Comando Anticorrupción*, C4), launched in January 2015, and composed by the Prosecutor General, the Comptroller General, the Inspector General, and the Secretary of Transparency. The Task Force already prioritises cases of corruption that require immediate response and investigation and co-ordinates on-site visits to the questioned entities to revise documents and procedures.

Related to this, Colombia should take the opportunity to decide and implement the long-discussed "one-stop-shop" for corruption reports (*Ventanilla Única de Denuncias*). The existence of such a mechanism would facilitate filing corruption reports as reportedly citizens often don't know which entity to address. At the same time, rapid response to such reports would need to be ensured within the responsible institutions for the investigation, especially the Prosecutor General (*Fiscalía General de la Nación*) and the Inspector General (*Procuraduría General de la Nación*, or PGN). In addition, the Secretary of Transparency has prepared a draft of a whistleblower protection law, based on international standards, which has yet to be accepted and approved by the Congress.

More generally, the recommendations in this OECD Integrity Review contribute to safeguarding peace as they are aimed at strengthening the institutional capacity of Colombia to more effectively prevent corruption and to promote integrity in the whole of government and society.

Improve co-ordination of integrity policies at national level

The Colombian inter-institutional platform for co-ordination of anti-corruption policies, the National Moralisation Commission, is commendable, but challenges to ensure an effective co-ordination persist, and to reflect its broad mandate it could be rebranded as Commission for Integrity and Transparency or Commission for Integrity and Anti-corruption

Preventing, investigating and sanctioning corruption requires a multi-actor and multi-level approach. Usually, various institutions have mandates and functions related to aspects that are necessary to advance in this area. As is the case in most countries, there are various public institutions in Colombia that are directly or indirectly involved in either corruption prevention or detection, or both.

With an increased number of actors participating in anti-corruption, the risk for duplication and overlap augments and with it the need for an effective co-ordination. Co-ordination is an arduous task as it requires that "elements and actors (…) remain plural and different, while it aims for results that are harmonious and effective" (OECD, 2004). Clear, comprehensive, and effective arrangements are therefore of utmost importance for ensuring the impact of integrity policies. Weaknesses in this co-ordination may considerably diminish the effectiveness of anti-corruption efforts or even generate loopholes for corrupt actors to escape from prosecution.

As a consequence, many countries have established special committees or commissions to mitigate problems that could arise from failing to co-ordinate between institutions. Such bodies are generally composed by public officials from various branches and departments of government and by representatives from law enforcement agencies, local government, customs, and public procurement offices. They may also include members from civil society, religious groups, NGOs, business leaders, and the academic community. Korea, for example, has an anti-corruption policy co-ordination body composed of representatives from ten government agencies (ministries and supervisory bodies) to ensure communication between their institutions. South Africa's Anti-Corruption Co-ordination Committee is staffed by representatives from public service departments and from agencies with corruption prevention functions. However, when looking at OECD country experiences with respect to the institutional set-up of anti-corruption bodies, it becomes clear that there is no one-size-fits-all solution and that much depends on the context, especially the already existing socio-political, legal, and administrative framework (OECD, 2015).

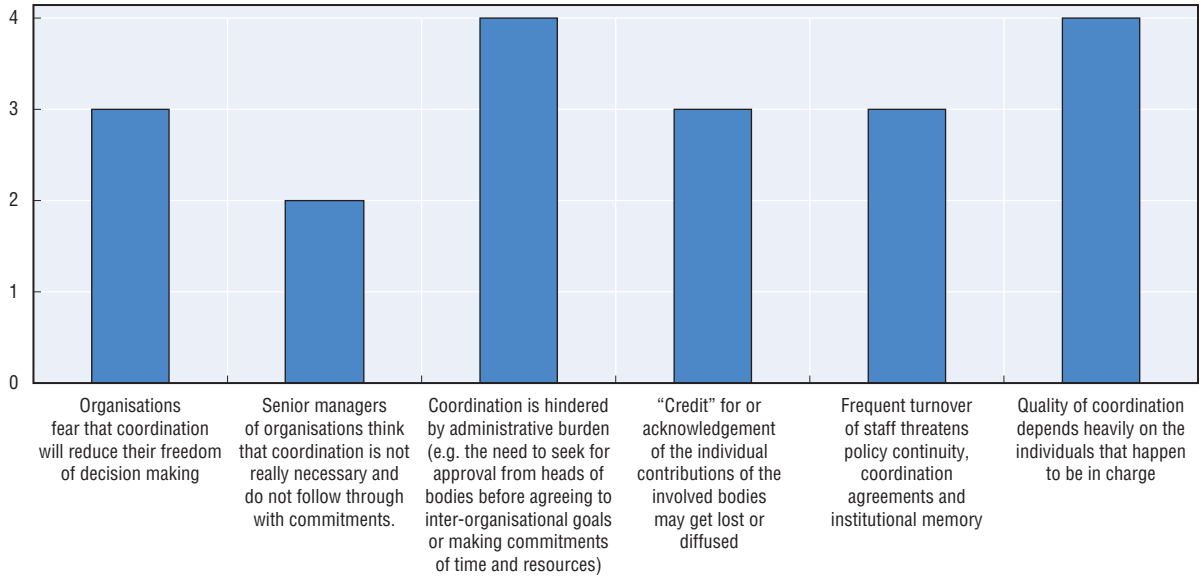
In Colombia, like in many countries, mandates and functions for prevention, detection, and sanction of corruption are distributed across multiple institutions, sometimes leading to structural or operational deficiencies that hinder effective action to prevent and punish corruption effectively. Likewise, centralizing all the functions in one institution generally is neither feasible nor desirable. To overcome this challenge, Colombia opted for a Commission, the National Moralisation Commission (CNM), which brings together important actors of anti-corruption (see Box 1.1). To reflect the broad mandate of the National Moralisation Commission covering prevention, detection, and enforcement, Colombia could consider changing its name into Commission for Integrity and Transparency or Commission for Integrity and Anti-corruption (*Comisión de Integridad y Transparencia*, CIT, or *Comisión de Integridad y Anti-corrupción*, CIAC). Such a rebranding could primarily present advantages in better communicating the role of the commission and reflecting its composition, and shift the focus away from the "wagging finger" suggested by the current name.

The Commission is supported by a technical secretariat, the Transparency Secretariat, with mandate and functions as currently outlined in Law 1474 from 2011 (the Anti-corruption Statute) and Decree 4637 from 2011. Given its structure, bringing together various actors around the table, the CNM is thus in itself a mechanism to facilitate co-ordination amongst different bodies relevant in the fight against corruption. The need to strengthen and focus the role of the Transparency Secretariat with a view to enhance its impact and the relevance of the CNM will be addressed in a dedicated section below in this chapter.

However, evidence from the Integrity Review and the OECD Governments at a Glance Survey 2017 shows that, in Colombia, important challenges still exist with respect to achieving an effective co-ordination between actors of the public integrity system at the central level (Figure 1.2). In particular, co-ordination seems to be rendered difficult due to the administrative burden it entails and because it hinges upon the individuals that happen to be in place. The latter aspect can be a symptom of a lack of formalised channels and procedures for co-ordinating policies, which Colombia could consider adopting in order to minimise the risk that co-ordination depends on the motivation and skills of the office-holders involved, political calculations, the level of trust, or simply on personal friendships or adversities. Even if this cannot be entirely avoided and is part of human nature, these issues are still creating inefficiencies in the public integrity system that could be addressed by improving the institutional underpinning of co-ordination and by providing transparent and clear procedures.

Figure 1.2. **Perceived challenges to an effective co-ordination between actors of the Colombian public integrity system**

(1 = not a challenge, 2 = somewhat of a challenge, 3 = a moderate challenge, 4 = severe challenge)



Source: OECD, *Governments at a Glance 2017*

For an effective co-ordination across the public integrity system, important actors that are currently not members of the National Moralisation Commission could either be included as members, invited on a regular base, or participate in the technical sub-commissions

Considering the broad scope of integrity policies, it appears that some key players are currently not included in the National Moralisation Commission. Actors from the preventive side of anti-corruption policies are especially under-represented compared to the actors from the detection and sanction side. While this may have historical reasons, or may reflect a focus on punitive aspects when thinking of anti-corruption policies in Colombia, the current composition does not favour the systematic exchange between both areas. Indeed, information and statistics from ongoing and sanctioned cases are of significant value for designing more resilient systems in the public administration, and for closing loopholes and mitigating corruption risks more effectively. A dialogue between these actors is key to achieving a transition from a "culture of cases", which is essentially reactive, to a "culture of integrity", which is preventive and proactive.

In particular, the DAFP with mandates in core areas of a public integrity system, such as human resource management, internal control and risk management, organisational development, and public management, is currently not a permanent and full member of the CNM. Despite the commendable practice of inviting representatives from other relevant entities to meetings of the CNM, including the head of the DAFP, the status of an invitee is different to that of a permanent member, the latter of which requires greater commitments and responsibilities. In addition, invitations depend on the personal interest and commitment of the President, and may hinge upon political affinity or a good or bad personal relationship between the President and the individual heading the external entity to be invited.

While some actors who are periodically required to contribute to integrity policies may be invited ad hoc to the CNM meetings the OECD recommends a stronger, institutionalised, involvement of the following two entities by inviting them to become permanent and full member of the CNM. This would entail amending article 62 of Law 1474 of 2011:

- **Administrative Department of the Public Service** (*Departamento Administrativo de la Función Pública*, DAFP): The DAFP, as mentioned previously, plays a key role in developing, promoting, and implementing or supporting integrity policies in the executive branch. This is achieved by mainstreaming integrity policies into public management, including human resource management, internal control and risk management, regulatory simplification, and organisational development throughout the public administration at national and sub-national level. In addition, the National School of the Public Administration (*Escuela Superior de Administración Pública*, ESAP), belonging to the DAFP, can develop and implement the required trainings and capacity building activities. Specific recommendations in the areas covered by the DAFP are elaborated in chapters 2 and 3.
- **National Electoral Council** (*Consejo Nacional Electoral*, CNE): As acknowledged in the Peace Agreement, a lack of integrity and transparency in political elections and campaigns may lead to a selection of political leaders that entrenches and facilitates corruption and organised crime. Political actors may respond more actively to the interests of those persons or organisations who provided them with the financial resources to win the office. Corrupt political processes threaten the legitimacy, authority and validity of political institutions and the inclusiveness of the political process. Involving the CNE in the National Moralisation Commission can help to shape the debate about preventive measures that safeguard the integrity of elections, and initiate a debate on how to strengthen the capacities of the CNE in order to be better equipped to fulfil its mandate.

In addition to the head of the **Inter-institutional Council for Post-conflict**, as recommended above, Colombia could consider inviting on a regular basis to meetings of the National Moralisation Commission the following actors : the **Unit of Financial information and Analysis** (*Unidad de Información y Análisis Financiero*, or UIAF); the **Administrative Department for Planning** (*Departamento Administrativo de Planeación*, or DNP); the **Central Procurement Agency** (*Agencia Nacional de Contratación Pública – Colombia Compra Eficiente, CCE*); the National Civil Service Commission (*Comisión Nacional del Servicio Civil, or CNSC*); and the Ministry of Finance (*Ministerio de Hacienda y Crédito Público*, or MINHACIENDA). Indeed, the UIAF plays a key role with respect to financial intelligence. Therefore, a close collaboration and exchange of information with the control and investigation bodies in the context of the CNM would be desirable to enhance the effectiveness of investigations. In turn, civil service and procurement are high-risk areas. The involvement of the DNP and Ministry of Finance in the CNM could ensure that the decisions and policies discussed at the CNM are aligned with the country's policy plans, especially also at the sub-national level, and realistic in terms of funds needed to effectively implement them.

Regular meetings of the CNM and establishing two technical sub-commissions, one on prevention and one on detection and sanction, would help to ensure continuity and technical quality the CNM

A key advantage of gathering different actors together in a commission is that integrity policies can and should take advantage of the various kinds of expertise around the table. On the one hand, the design of preventive strategies and specific measures can benefit from the information on reports and real cases known by investigative bodies. On the other hand, a joint "umbrella" public integrity policy, such as the current Colombian Comprehensive Public Anti-

corruption Policy (PPIA) is an important ingredient to enable coherence between the policies and actions of the different actors around the table, and to mitigate both the risks of gaps in the policy as well overlaps and duplications due to possible lack of clarity in the mandates.

To reap this potential of co-ordinated action within the National Moralisation Commission, it is crucial to ensure regular and productive meetings that build on the available expertise of each member. However, the interviews and information collected in the review suggests that the CNM meetings are often prepared on short-term notice, in part due to the complexities of the agenda of the President. This makes it difficult to prepare well in advance the technical background information relevant for the discussions limiting thereby the opportunities to have productive discussions and take better informed decisions.

In addition, while the regulation of the CNM stipulates at least one meeting per trimester, the regularity of the meetings has been rather intermittent since the creation of the CNM. The second report from 2015 from the CNCLCC notes, for instance, that the National Moralisation Commission has successfully reinitiated activities during 2015, after a period of little activity during 2014. It should be noted that the Transparency Secretariat was instrumental in managing that the CNM started working again in 2015. In 2016, the CNM has again met twice, in February and October.

A more regular and better-prepared working meeting of the CNM would be desirable. Two meetings per year, but scheduled well in advance could be preferable and more realistic than the currently stipulated four meetings, notwithstanding that the regulation could allow for additional, ad hoc, meetings whenever deemed necessary.

Furthermore, discussions at technical level could be helpful to enable the preparation of the different actors and the agenda of the CNM, and hence lead to more in-depth debates and decisions that are more accurate. Therefore, in order to prepare the high-level meetings of CNM, to increase the ownership of the different members of the CNM, and to make the most out of the knowledge available in each member institution, Colombia could strengthen the technical discussions and the preparation of the agenda of the CNM by splitting the currently existing sub-commission into two: one sub-commission on prevention and one on investigation and enforcement. Indeed, while presenting overlaps, the topics discussed and covered in both areas are sufficiently distinct and involve different actors, or different units of the CNM members, to justify separate discussions. These sub-commissions could meet every two months and be called-in ad hoc, even in smaller sub working groups, whenever required.

Technical experts of the CNM members attending these sub-commissions could vary according to the topics to be discussed in the respective meetings. In addition, each CNM member should nominate one Technical Delegate with the responsibility to internally co-ordinate who from the member should be attending the meeting of the sub-commissions. The Technical Delegates would also be responsible for briefing their respective head of agency in order to prepare them for the high-level meetings of the CNM. They would also be responsible for the follow-up by their agency to the commitments of the decisions taken by the commission.

The Transparency Secretariat, as the technical secretariat of the CNM, would shape the agendas and facilitate the work in these two technical sub-commissions, and would ensure the exchange of information between them, e.g. through briefings. The ST should pay particular attention to steer the sub-commissions towards results-based planning. The sub-commission on investigation and sanction could build on already existing initiatives aimed at promoting a better co-ordination between investigative bodies, especially the Anticorruption Task Force (*Comando Anticorrupción*), and ensure the work is aligned. The UIAF should be a permanent member of this sub-commission. In turn, the sub-commission on

prevention could be co-chaired by the Secretariat of Transparency and the DAFP to strengthen the co-ordination between these two actors, and to acknowledge their core mandates: the DAFP's responsibility in relation to integrity policies in the public administration, and the responsibility of the ST in relation to transparency and access to information, ensuring coherence of integrity policies across the executive, legislative and judicial branches, and reaching out to the whole-of-society. Also, the Colombian Central Procurement Agency (*Agencia Nacional de Contratación Pública – Colombia Compra Eficiente*) and the Administrative Department for Planning (DNP) should be permanent members of the sub-commission working on prevention.

Overall, the agenda of the high-level meetings of the CNM should reflect a balance between prevention and enforcement, and have a clear focus on enabling inter-institutional and multi-level co-ordination and results-oriented planning. Also, a fixed agenda item on mainstreaming integrity policies into the processes of implementing the Peace Agreement would ensure that the topic remains a priority and that CNM members regularly update and discuss related progress and challenges.

To ensure that the National Citizens Commission for the Fight against Corruption (CNCLCC) can fulfil its mandate and functions, a regular briefing to the CNM should be institutionalised and the regular funding of its technical secretariat secured

The National Citizens Commission for the Fight against Corruption (CNCLCC) is the body that represents Colombian citizens to assess and improve policies to promote ethical conduct and curb corruption in both the public and private sectors. The CNCLCC is integrated by representatives of a wide array of sectors such as business associations, NGOs dedicated to the fight against corruption, universities, media, social audits representatives, trade unions and the Colombian Confederation of Freedom of Religious, Awareness and Worship. The Citizen Commission must issue a yearly report evaluating the anti-corruption policy, promote codes of conduct for the private sector, and monitor policies related to public management, public procurement, the anti-red tape policy, and policies related to ensuring the access to public information and stakeholder engagement. Since 2013, the CNCLCC has issued five reports analysing the initiatives carried out by the government and identifying priority recommendations for the fight against corruption. These reports should also enable citizens to assess the impact of the CNCLCC and thus strengthen accountability towards the citizens.

However, the Review found evidence of a certain degree of disconnection between the National Moralisation Commission and the CNCLCC, and a problem related to ensuring the sustainable funding of a technical secretariat of the CNLCC.

Therefore, the exchange of information between the CNCLCC and the CNM should be improved significantly. Currently, the input from the CNCLCC to the national anti-corruption policy-making is de facto reduced to its reports, which clearly falls short of the spirit of the Anti-corruption Statute. Reportedly, in some cases, the deadline provided by the Transparency Secretariat to the CNCLCC for commenting on draft laws and policies sometimes has been too short to allow an analysis and in-depth comments. To address this challenge, while maintaining its independence from the CNM, the OECD recommends that a representative from the CNCLCC be invited to attend each session of the CNM with voice but without vote. This would allow the CNCLCC to brief the members of the commission and to participate in the discussion with the view to strengthen the links between both commissions, to ensure an effective social control, and promote the exchange of information and inputs from civil society. This would guarantee an anti-corruption policy of the State as a whole and not just limited to the government, as stipulated in the Law 1474 from 2011.

The importance of involving the public administration, the civil service, and the civil society is increasingly acknowledged. In Mexico, for instance, the Minister of Public Administration (*Secretaría de Función Pública*, SFP) participates in the *Nacional* Anti-corruption System Co-ordination Committee along with the Superior Auditor of the Federation, the President of the Federal Tribunal of Administrative Justice (TFJA), the Specialised Anti-corruption Prosecutor, the President of the National Institute for Transparency, Access to Information and for the Protection of Personal Data (INAI, its acronym in Spanish), and a representative from the Federal Judicial Council (*Consejo de la Judicatura Federal*). This Co-ordination Committee is chaired by a representative of the Citizen Participation Committee (OECD, 2017a, see also Box 1.3).

Box 1.3. **The prominent role of the Civil Society in the new Mexican National Anti-corruption System**

On 27 May 2015, Mexico's Federal Official Gazette published the Decree by which several provisions of the Constitution were amended, added or repealed. This reform first enshrined the National Anti-corruption System (NACS) into law. Just over a year later, on July 18 2016, President Peña Nieto promulgated these secondary laws. Especially, the General Law of the National Anti-corruption System (*Ley General del Sistema Nacional Anticorrupción*) is the cornerstone piece of legislation which establishes the institutional and governance arrangements for the NACS, as well as outlines objectives and required activities. The System is designed such that civil society is given the opportunity to play an important role throughout the integrity policy cycle. This inclusive, broad approach can potentially improve the design and impact of integrity policies, which will benefit from the expertise and inputs of a greater number of stakeholders.

Indeed, the General Law of the NACS explicitly provides a strong role for civil society within the governance of the System, allowing them to contribute to policy design and monitoring, as well as to carry out their own activities through their own Committee. Indeed, the law calls for the creation of the Citizen Participation Committee, which will be comprising five representatives renowned for their expertise and contributions to the field of anti-corruption, transparency and/or accountability in Mexico, and who will be selected by the specialised Selection Committee name by the Senate. The Citizen Participation Committee is tasked with formalising a network of civil society organisations and experts (via the creation of a registry), channelling their inputs (i.e. research, recommendations) into the System. The committee also implements its own annual programme of work which may include research, investigations and projects for improving the digital platform or reporting of corruption by the public, among others.

Perhaps most importantly, the Law gives civil society a prominent role in overseeing the implementation of NACS work. The NACS General Law provides that a representative of the Citizen Participation Committee preside over the System's Co-ordination Committee and Governing Board (the "supreme" governing entities of the System), also comprising: the Minister of the Ministry of Public Administration (*Secretaría de la Función Pública*, SFP); the Superior Auditor of the Federation (*Auditoría Superior de la Federación*, ASF); the President of the Federal Tribunal of Administrative Justice (*Tribunal Federal de Justicia Administrativa*, TFJA); the Specialised Anti-corruption Prosecutor; the President of the National Institute for Transparency, Access to Information and for the Protection of Personal Data (*Instituto Nacional de Transparencia, Acceso a la Información y Protección de Datos Personales*, INAI); and a representative from the Federal Judicial Council (*Consejo de la Judicatura Federal*).

The Citizen Participation Committee also sits on the Executive Commission which must produce the yearly annual report on the activities and progress of NACS initiatives. Furthermore the selection of the Citizen Participation Committee members themselves is conducted ultimately by civil society (albeit individuals designated by the Senate), arguably securing greater independence of the Committee itself from potential political influence: Article 18 of the General Law states that the Senate must comprise a selection commission of 9 experts to select Participation Committee members. Selection Committee members cannot nominate themselves as Citizen Participation Committee members.

Source: OECD (2017a), *OECD Integrity Review of Mexico: Taking a Stronger Stance Against Corruption*, OECD Public Governance Reviews, OECD Publishing, Paris. *http://dx.doi.org/10.1787/9789264273207-en*.

In Peru, the High-level Commission against Corruption (*Comisión de Alto Nivel Anticorrupción*, CAN) is composed of actors from the public sector, the private sector, and civil society, with a rotating presidency. Non-governmental actors include representatives of private business entities, labour unions, universities, media and religious institutions. Bringing diverse stakeholders regularly together around the table aims at fostering the horizontal co-ordination and guaranteeing the coherence of the anti-corruption policy framework, but also contributes to protecting the CAN from undue influence by narrow interests; nevertheless, opportunities to strengthen this co-ordination have recently been emphasised in the OECD Integrity Review of Peru (OECD, 2017b).

The second, but not less important issue, which is currently endangering the CNCLCC to fulfil its mandate, is related to the funding of its activities. The Anti-corruption Statute in its article 69 states that the members of the CNCLCC can designate a Technical Secretariat. Indeed, the Citizen Commission can only fulfil its entrusted tasks if counting with a secretariat similar to the role played by the Transparency Secretariat for the CNM. Article 69 is further regulated in Decree 4632 from 2011, which determines in article 15 that the Administrative Department of the Presidency (DAPRE) should provide for the expenses of the Technical Secretariat of the CNCLCC, "in the terms defined by the Director of the entity".

But the DAPRE has not provided funding to the CNCLCC arguing that this would be unconstitutional. The Political Constitution in its article 355 states that none of the branches or organs of the public power may decree parliamentary aid or donations in favour of natural or juridical persons under private law. Consequently, the activities of the CNCLCC, especially those related to the reports, have been mainly financed through the European Union project ACTUE, which poses a question mark concerning the sustainability of the CNCLCC in the future once the EU project ends.

However, a non-application of Decree 4632 of 2011 would require a judicial decision of annulment by the Council of State (*Consejo de Estado*) on the inapplicability of the decree. Until such a decision does not exist, the decree should be considered as binding and funding provided by the DAPRE. Also, the argument that such a funding would be unconstitutional does not seem clear, as article 355 of the Political Constitution also states that the government, at the national, departmental, district and municipal levels, may, with resources from the respective budgets, enter into contracts with non-profit private organisations of recognised suitability. This is in order to promote programmes and activities of public interest in accordance with the National and Sectorial Development Plans. This should definitely apply to the CNCLCC which is even playing a formalised, institutional role in the Colombian integrity system acknowledged by the Anti-corruption Statute. Receiving public funds also implies the need for accountability of the CNCLCC and its work towards the Colombian taxpayers.

In addition, article 15 of Decree 4632 from 2011 seems to allow for some discretion and calls for exploring innovative solutions, by stating that the expenses could be provided, without any further defined terms. Therefore, in addition to funds from bilateral or multilateral co-operation agencies, Colombia should strive for innovative options to cover the expenses or to contract out the service of the Technical Secretariat based on a lump-sum payment and ensuring independence from political interference in the contract. For instance, possible financing by the Ministry of Interior through the citizen participation fund (*Fondo de Participación Ciudadana*) could be explored, or a similar support as the one the DNP has to give to the National Planning Council (*Consejo Nacional de Planeación*).

Reaching and empowering the regional level

The National Moralisation Commission and the Transparency Secretariat should clarify the composition, mandate, functions and procedures of the Regional Moralisation Commissions, especially with respect to their role in prevention policies, in order to align them with their broad mandate

As highlighted by Rodrigo, Allio and Andres-Amo (2009), "expanding a framework for high quality regulation at all levels of government can only be achieved if countries take into consideration the diversity of local needs and the particularities of lower levels of government." This of course also applies to a public integrity system. Colombia is a country of 1 138 910 km^2, a complex geography, and a total population of slightly below 48 million people. The regions are quite diverse with different cultures, levels of socio-economic development, and different levels and problems of corruption.

Reaching effectively the sub-national level and ensuring implementation of national policies is a challenge. In general, the relationship between the national and sub-national level may suffer both from overlaps and from a number of "gaps" (Charbit and Michalun, 2009). The types of gaps in question are the information gap, the capacity gap, the funding gap, the administrative gap, and the policy gap. This also applies to integrity policies; their implementation requires co-ordination at the national level, but also co-ordination with local levels.

The policy gap refers to potential incoherence between sub-national policy needs and national level policy initiatives. This kind of gap is particularly common for policy issues that are inherently cross-sectorial, as it is the case with integrity policies. Overcoming this gap requires co-ordination at the central level and on-going consultation with the sub-national level to determine needs, implementation capacity, and to maintain open channels of information exchange in order to monitor and evaluate policy impact. The information gap, in turn, stresses the existence of information asymmetries between levels of government when designing, implementing and delivering public policy. Usually, regional governments are likely to be better placed to identify corruption risks and opportunities for more effective integrity and anti-corruption measures adapted to the regional context.

Colombia responded to this challenge by requiring in article 65 of the Anti-corruption Statute that each Department in Colombia has to set up a Regional Moralisation Commission (*Comisiones Regionales de Moralización*, CRM). The setting is again quite similar to the Regional Anti-corruption Commissions in Peru (Box 1.4). The Colombian CRM is responsible for supporting the implementation of the National Public Anti-corruption Policy (PPIA) as well as for sharing information and co-ordinating local initiatives among the bodies involved in the prevention, investigation and punishment of corruption.

Box 1.4. **Peru's Regional Anti-corruption Commissions**

Acknowledging the importance of reaching the regions, the Law 29976 foresees the creation of regional anti-corruption commissions (*Comisiones Regionales Anticorrupción*, CRA). To date, all 25 regions possess a CRA. Amongst the tasks of the CRAs is the elaboration of a regional anti-corruption plan. Such a plan has thus the potential to reflect the specific issues and challenges of the region. However, until now, only six regions have developed such a plan (San Martín, Pasco, Amazonas, Cusco, Piura and Huancavelica), and it is unclear how far these plans are effectively implemented.

Box 1.4. **Peru's Regional Anti-corruption Commissions** *(cont.)*

Piura, one of the regions of the country, set up its regional anticorruption commission (Piura's Commission) though Regional Ordinance no. 263 of 2013, which brings together representatives from the executive and the judicial powers, as well as from municipalities, the private sector, and professional associations. Piura's Commission is supported by an Executive Committee which is responsible for implementing the policies identified by the Commission. Co-ordination between the Commission and the Executive Committee is carried out by the Commission's Technical Secretariat. Finally, the governance of the system is completed by the anti-corruption units within each public entity, which – among other tasks – are in charge of implementing the policies approved by the Commission; providing support in ensuring compliance with the Code of Ethics for the public service; co-ordinating the elaboration and approval of the Anticorruption Plans of the entity; preparing a report of anticorruption activities, and presenting it during public hearings.

Source: Based on OECD (2017b).

The CRMs are currently composed of the regional representatives of the Inspector General (*Procuraduría General de la Nación*, or PGN), the Prosecutor General (*Fiscalía General de la Nación*), the Comptroller General (*Contraloría General de la República*, or CGR), the Council of the Judiciary (*Consejo Seccional de la Judicatura*) as well as the Departmental, Municipal and District Comptroller (*Contraloría Departamental, Municipal y Distrital*). According to Law 1474 of 2011, they should meet on a monthly basis, and attending these meetings is mandatory and may not be delegated. Furthermore, other entities can be called on to be a part of the Regional Moralisation Committee, if considered necessary, namely: the Ombudsman's Office; the municipal representatives; the specialised technical police forces; the Governor; and the President of the Department Assembly. In order to promote citizen participation and social control over the CRMs, at least one quarterly meeting must be held with civil society organisations to address and deal with their requests, concerns, complaints and claims. At this point, it is important to note that in order to have an impact on levels of corruption, efforts related to transparency and citizen engagement should always be linked to efforts in strengthening the capacity of response of the public sector to the citizen. This should also take into account that capacities, trust and interest are required on the side of the citizens too. If not taken into account, such efforts may at best remain ineffective or in the worst case may backfire and generate even more distrust, frustration, and cynicism (Bauhr and Grimes, 2014, Kolstad and Wiig, 2008).

Consistency among the CRM is favoured by a set of Guidelines elaborated by the National Moralisation Commission's Transparency Secretariat (Transparency Secretariat, 2014), which are complemented by model documents for the CRMs to carry out their Action Plans, the Internal Regulation, the Management Report, and the Attendance List. These Guidelines also contain an overview of main challenges and good practices from the CRMs. However, unlike for the CNM, there is currently no normative framework beyond article 65 of Law 1747 from 2011 that would clarify and regulate the mandate, functions, procedures, and funding of the CRM. This has reportedly already caused problems in ensuring a smooth co-ordination and collaboration amongst the current members of the CRM.

At first sight, the Action Plans to be developed by the CRM do seem to provide an opportunity to reflect these regional specificities and challenges in order to develop and implement strategic and concrete measures aligned with the National Public Anti-corruption

Policy (PPIA) to prevent and prosecute corruption more effectively. This broad approach including prevention, detection and sanctioning, is currently also reflected in the Guidelines for the Operation of the CRM, which state that the mission of the CRM is the following:

> *"The Regional Moralisation Commission is the unit responsible for applying and implementing the guidelines of the National Moralisation Commission with respect to the Comprehensive Public Anti-corruption Policy, the promotion of transparency and citizen participation, and the co-ordination at the territorial level of the actions of the bodies of prevention, investigation and punishment of the corruption." (Transparency Secretariat, 2014)*

However, the interviews and documents consulted, e.g. the action plans, as well as the institutional composition of the commissions, reveal that the CRM seems to focus on detecting and sanctioning corruption, and that the outreach to the municipal level beyond the capital of the department is limited. Furthermore, the preventive work is basically restricted to the promotion of trainings, while no objectives or activities are set to promote anti-corruption prevention by taking measures at the level of strengthening institutions and public management. The limited focus on detection and sanction seems to be a consequence of the way the CRM are currently designed and reflects that their composition is limited to control entities, excluding the local government.

At the same time, the Transparency Secretariat has recently engaged in efforts to promote transparency and anti-corruption at sub-national level:

- Integrity Pacts with Departmental Governments (*Gobernaciones*) and the establishment of a Network of Open Departmental Governments (*Red de Gobernaciones Abiertas*): The Integrity Pacts contain specific commitments by Governors in areas of public procurement, access to information, accountability, complaint channels, and internal control, among others. The Network, in turn, is a mechanism for the exchange of successful experiences and to enhance intergovernmental learning. Currently, there are five Departmental Governors participating in this network.
- Integrity Links (*Enlaces de Integridad*): Since November 2015, in a joint initiative with the National Federation of Departments (*Federación Nacional de Departamentos*), public officials have been appointed in 26 from 32 departments. Their main tasks are to support the Governors in developing and implementing a Territorial Anti-Corruption Policy adjusted to the needs of the region and to support co-ordination activities with the Regional Moralisation Commissions to investigate and punish acts of corruption.

Overall, there is thus scope for a better co-ordinated and strategic approach to strengthening the capacities of the local public administration from an integrity perspective. This approach needs to go beyond detection and control, and should reflect clear goals related to strengthening the public administration, especially in areas of internal control, human resources management, and organisational development, as in the mandate of the DAFP. The strategic and comprehensive approach should be developed in a participative way, involving the DNP and local actors, and should be reflected in clear and feasible goals and objectives, measured through relevant indicators that enable monitoring and evaluation by the DNP, CNM and CRM, the implementing units, and civil society. A tailored approach that reflects the realities, size and capacities of the municipalities is especially relevant in the context of the implementation of the Peace Agreement. Of course, sustainable financing of these measures have to be ensured by including them into the national and sub-national budgeting process.

To achieve such a comprehensive and co-ordinated approach at territorial level, the CNM should consider reviewing the institutional arrangement and purpose of the CRM. In particular, the CNM and the Transparency Secretariat should clarify the relationship between the current Action Plans of the CRM, the Territorial Anti-corruption Plans, as well as the Anti-corruption plans that have to be developed by the Departmental Governments and Municipalities. Specifically, broadening the membership of the CRM to include the local administration, in order to mirror the CNM where all three branches are represented, could be explored. For instance, just like the CNM, the CRM could be headed by the Governor, and involve representatives from municipalities. Just as for the national level, sub-commissions could be created to deal more specifically with issues related to investigation techniques and prevention.

During interviews conducted in the process of the Integrity Review, concerns have been voiced to include local administrations into the CRM, since it would entail bringing together control organs and the entities subject to this control. However, this concern depends on the purpose of the CRM, which is yet to be clarified:

- If the primary objective of the CRM is to discuss and co-ordinate the investigation of on-going cases, the CRM should indeed be limited to control entities and focus on harmonising rules on the exchange of information and case evidence amongst the member institutions of the CRM, developing joint investigation procedures and joint trainings in investigation techniques. However, the CRM then should consider changing the name to reflect this purpose and count with strict procedures concerning confidentiality to avoid that information is leaked or abused.
- If the purpose of the CRM as currently stated in the Guidelines is to ensure the link between the CNM and the Comprehensive Public Anti-corruption Policy, then this broader scope should be reflected in their membership and include local administration. This will help ensure a constructive dialogue between control entities and the administration with a view to move from a "culture of cases" to a "culture of integrity" aimed at deeper structural reforms.

Overall, the argument for a more comprehensive approach seems compelling and aligned with the spirit of the Anticorruption Statute. Specific corruption cases could still be discussed in a sub-group similar to the Anti-corruption Task Force at national level.

To ensure a proper functioning of the CRM, a technical support unit or person should be institutionalised, and capacities and appropriate financial resources provided by the individual members of the CNM at the national level and by local governments

The capacity and funding gap refers to the common problem that human and financial resources, as well as knowledge and infrastructure capacities, may not be sufficiently available at sub-national level to carry out assigned responsibilities. Specifically, the sub-national levels might not have the capacities to design and implement integrity strategies, and may need capacity building or guidance from the central government.

To ensure that the CRM can meet regularly and fulfil the tasks delegated to them effectively over time, sufficient financial and technical resources have to be dedicated to the CRM. In particular, the CRM need to count with a technical support unit or person supporting its work, with capacities in strategic and operational planning, monitoring and evaluation, as well as the technical know-how to support the CRM in developing concrete and feasible measures. They would also play a key role in ensuring effective co-ordination at departmental level, and in reaching out to municipalities, and to the local private sector

and civil society. The National Moralisation Commission could also explore the possibility to merge this technical support function with the Integrity Links (*Enlaces de Integridad*).

Currently, the work of the CRM is mainly financed through the funds and staff provided by the EU project ACTUE. This financing scheme is not sustainable. Therefore, a stronger engagement of the individual members of the National Moralisation Commission in terms of political, technical and financial support is needed. For instance, each member of the CNM could dedicate a specific percentage of its budget to the CRM, and ensure that capacities from the national level are transferred to the regional levels. In addition, especially if the CRM is broadened to include the local administration to allow for a more comprehensive approach to regional integrity policies as recommended above, the CRM could also receive funds from the regional government.

In addition, due to the potential the CRM have in playing a key role in safeguarding transparency and integrity in the implementation of the Peace Agreement and thus ensuring sustainable peace, part of the funds from the Colombia in Peace Fund (*Fondo Colombia en Paz*), or other relevant funds related to the post-conflict reconstructions and peace-building process could be dedicated to the CRM, especially in areas that were particularly affected by the conflict. Also, the DNP could consider strengthening local institutional capacities through the mechanism of the "contracts for peace" between the national and local governments (*Contratos Plan para la Paz*). Finally, resources from the royalties (*regalías*) could be used to finance specific investment projects of the CRM complying with the relevant provisions established in the Constitution, as well as in the relevant laws and decrees. Indeed, an important objective of the royalties is to finance the territorial development of the country.

Mechanisms to allow for communication and information exchange between the CRM could enhance mutual learning and help in addressing cross-regional corruption problems

The administrative gap acknowledges that often the borders of a department may not delimit the effective boundaries of a given problem. Indeed, while the departments are likely to have their own challenges with respect to corruption and integrity risks, corrupt networks and the dynamics of corrupt practices do not necessarily obey political and geographical boundaries. In addition, vulnerabilities and practices of corruption may be quite similar across similar regions, which may provide opportunities for cross-regional learning and policy-making in specific areas.

In Colombia, there is scope for improvements concerning the exchange between departments. The core idea is to enable the CRM to exchange practices and experiences. Concretely, it could be considered to form a network of CRM. For reasons of cost-effectiveness, a virtual forum or chat could be put in place where the technical support units or persons of the CRM could exchange informally and ask for ad hoc guidance by staff from the Transparency Secretariat. Also, the Observatory for Transparency and Ant-corruption from the Transparency Secretariat has a dedicated space on its website for the 32 CRMs. This space is currently being used to publish the CRM Action Plans and the reports, and to give information about the members of each CRM. A section for tutorials to train the members of the CRMs in anti-corruption issues as well as segment in the platform for the exchange of information could be easily added. In addition, Colombia could consider organising once every two years a joint learning and experience sharing event in changing locations; it would be key, however, to consider from the start mechanisms to finance such an exercise in a sustainable way to ensure continuity of learning and avoiding that such an event remains a one-off exercise.

The public monitoring and benchmarking between the CRM could be complemented by indicators at the level of intermediate output or outcome (impact), using available indicators or considering developing additional ones

The Observatory of Transparency and Anti-corruption of the Transparency Secretariat publishes a CRM Composite Index (*Indicador Compuesto de las Comisiones Regionales de Moralización*) which evaluates the degree of compliance and development of the Action Plans adopted by each CRM. These evaluations are translated into graphs which show the composite score as well as the departmental scores. In line with article 65 of Law 1474, the indicators cover four aspects:

1. number of regular meetings held by the CRM
2. number of meetings with participation of citizens held by the CRM
3. percentage of progress in the activities stipulated in the Annual Action Plan of the CRM
4. issues approached by the CRM in the Action Plan.

Publically monitoring of the progress made by the CRM is commendable and a good practice. Ideally, it can exert pressure on low performing CRM to catch up with the better performing ones. The indicators, oriented on outputs, reflect the early stage of implementation of the CRM.

If, as recommended above, the goal and institutional set-up of the CRM is broadened to promote a more comprehensive, preventive approach focusing on strengthening the institutional capacities at the regional and municipal level to mitigate corruption risks, then the actions of the CRM, as reflected in their plans, should be mirrored in impact at this level, too.

Therefore, as a next step, the Observatory could consider complementing output indicators with indicators at the level of intermediate output and outcome. These second wave of indicators should be defined or developed jointly with the CRM. They could draw on information available in the Colombian Index of Open Government (*Índice de Gobierno Abierto*, IGA), which has data for sub-national levels, and if necessary involve the National Administrative Department of Statistics (*Departamento Administrativo Nacional de Estadística*, DANE) to explore possibilities of including relevant question in surveys at departmental level that could measure the perception or incidence of corruption, or levels of trust and legitimacy in different public institutions and delivery of services. Additionally, the DAFP is currently developing a Synthetic Institutional Performance Index (*Índice Sintético de Desempeño Institucional*) for the national and territorial level which is a commendable development aimed at measuring public productivity of public entities based on a wide variety of available indicators. The information can be cross-checked by indicators provided by *Transparencia por Colombia*, member of the CNCLCC, at regional level.

Strengthening the Transparency Secretariat

Giving a permanent seat to the Secretary of Transparency at the Council of Ministers and a direct link to the President would empower the co-ordination function of the Transparency Secretariat and promote mainstreaming and coherence of integrity policies

The Transparency Secretariat and its head, the Secretary of Transparency, are playing a key role in co-ordinating effectively anti-corruption policies across the whole-of-government and society. The value of having such a secretariat has been demonstrated previously. For instance, as already mentioned above, the ST was instrumental in getting back on track the

CNM after a time of inactivity. While the National Moralisation Commission is the roundtable that brings together various key actors, although with currently some actors missing, such a space requires a unit that prepares the agenda of the meetings, brings in technical expertise, and follows up on the decisions taken. For instance, the unit should prepare legislative drafts; the most urgent ones being at the time of this report to advance on a law on whistleblower protection. The Transparency Secretariat has already prepared a draft based on international standards, and on regulating lobbying, an area on which the Anti-corruption Statute has been largely silent. Likewise, the recommendations presented in the present Integrity Review implying legislative changes could be tabled by the ST at the CNM.

While the National Moralisation Commission is the primary platform for co-ordinating integrity policies, important contributing and implementing actors, such as most of the Sector Ministers, e.g. education and health, are currently not part of the CNM. But while these actors might be invited ad hoc to meetings of the CNM, the ST requires more regular and institutionalised meetings with these other parts of the government to get their inputs for policy-making, to ensure that the policies are relevant for these ministries and actually implemented, and to identify their needs for guidance and capacity building. At the beginning, the Transparency Secretariat has been invited to the Council of Ministers to establish this formal link to the line ministries; the Secretary of Transparency that has been in office until March 2017 has only reported once to the Council, just after his nomination in October 2014.

Indeed, the fundamental co-ordination role of the Transparency Secretariat has been facing challenges. With the changes introduced by Decree 1649 of 2014, the Secretary of Transparency no longer reports directly to the President nor does it directly participate in the Council of Ministers, where the ST is currently represented by the head of the Administrative Department of the Presidency (DAPRE). The most recent changes from May 2016 shifted the Secretary of Transparency under the General Secretary's Office (*Secretaría General*), but has not changed the fact that the formal institutional link to the President and the Council of Ministers is not direct, but runs through another layer of authority, impeding not only direct access but also sending a political signal towards external actors and the public that addressing corruption is a second-level priority.

While reportedly the connection between the Transparency Secretary and the President has been functioning relatively well, with the President having been invited to the Council again in early 2017, this relationship is not institutionalised and remains rather informal. This means that it is dependent on the personal and political relations of the individuals involved, i.e. especially the Secretary of Transparency in place, the personal Secretary of the President, and the General Secretary. The personal Secretary of the President and the General Secretary both have considerable power in either facilitating or blocking access to the President. Therefore, currently, the political importance of the anti-corruption agenda also depends strongly on the individual preferences of these actors.

The limited and informal access to the President and of non-participation in the Council of Ministers hinders an effective mainstreaming of integrity policies in the whole-of-government. For this, a regular flow of information from the Secretary of Transparency to the Council of Ministers and the other way around seems to be an essential, though not sufficient, condition.

According to article 47 of the Law 489 from 1998, the President can request the participation, in addition to the line ministers, of directors of the administrative departments as well as any other public official or private individuals. Currently, the head of the Colombian Central Procurement Agency, *Colombia Compra Eficiente* as well as the heads of

the administrative departments are participating at the Council of Ministers. However, no formal requirement is needed beyond the invitation by the President, with the result that – again – the participation is not institutionalised. Therefore, Colombia should consider giving these positions, including the Secretary of Transparency, a permanent formal seat at the council of Ministers, so that their participation does not depend on an invitation anymore. This would ensure that the Secretary of Transparency can report directly to the President and the Ministers about the progress made in the area of integrity at the national and the regional level, and therefore contribute to effectively promoting, co-ordinating and monitoring integrity policies at the highest level as well as assist in mainstreaming them in a whole-of-government approach.

To enhance checks-and-balances and shield the position from potential undue influence and abuses, the criteria for profile, tenure, and for the appointment and removal procedures of Secretary of Transparency could be clarified. Civil society should be involved in the process

Anti-corruption is not a mere technical matter of diagnosing problems and applying solutions. Often, if not usually, powerful interests will be directly affected by anti-corruption policies and the former will try to exert influence on decision-making and implementation processes in order to reduce their impact. As such, and as recognised in article 5 of the United Nations Convention against Corruption ratified by Colombia, entities responsible for anti-corruption policies need to be shielded from undue political interference and other sources of undue influence (OECD, 2017c). Even though the Transparency Secretariat – as an entity primarily responsible for policy development, co-ordination and monitoring – does not need the same degree of independence as a control and investigative body, it should be acknowledged that anti-corruption and integrity policies are sensitive, and of high political relevance, and may require that the Secretary of Transparency takes positions or decisions against powerful vested interests.

Beyond the risk of undue influence, another reason for clearly regulating the position and protecting it from arbitrary removal and from short-term political fluctuations is continuity. Good international practice shows that integrity policies, especially preventive measures, require coherency and continuity over a longer time period to unfold and show impact. Each change at the head of an agency responsible for integrity policies comes with the risk of a policy change that could undermine the continuity and coherency of policies over time, particularly those that aim at an incremental but sustainable building of institutional capacities. Especially the co-.ordination function, at the heart of the Transparency Secretariat, relies on establishing good working relations and building trust with many other public entities at national and regional level.

However, there are no explicit legal requirements or regulations in Colombia concerning the selection, tenure or removal of the Secretary of Transparency. Neither the Law 1474 from 2011 (the Anti-corruption Statute) nor the Decree 4637 from 2011 contain anything related to the position. The appointment is currently completely at the discretion of the President, who can select a person of his choice and confidence. Since the current President took office in 2010, there have been four heads of the Transparency Secretariat.

In order to mitigate the risks mentioned above, and provide a more robust institutional foundation of the Transparency Secretariat, criteria for profile, tenure, and for the appointment and removal procedures of Secretary of Transparency should be clarified. For instance, a fixed tenure over a period of four years, perhaps overlapping with the presidential period,

together with clear criteria for selection and removal, could be considered. Colombia has introduced a similar rule for the tenure of the Superintendents in Decree 1083 of 2015, although in this case they coincide with the term of the President. Indeed, experiences show that it is recommendable to clearly stipulate the procedures of removal and to specify the criteria on which this decision must be based (Schütte, 2015). The profile of the Secretary could further be strengthened by introducing criteria required for the position, which could include a minimum academic degree, e.g. at least a master in a discipline related to public management or social sciences, at least five years of relevant experience, and contributions in the area of integrity and/or anti-corruption related work in either the public or the private sector or public policy making.

As argued previously, while, ensuring a certain degree of independence from day-to-day policies is desirable, the position of the Secretary of Transparency is also prone to abuses because of the information she or he has access to, and the decisions the Secretary could take to favour specific interests, or deliberately weakening integrity policies previously introduced or political opponents. As such, it would be desirable that in addition to requiring a certain degree of technical knowledge, the Secretary of Transparency can exhibit a known and widely acknowledged track record of probity and integrity beyond political frontiers, which would also allow having a certain standing when dealing with powerful interests and high-level public officials at national and regional levels. Since a proof of such moral competence is difficult to achieve, Colombia could introduce an additional check by (1) stipulating that the President has to submit three candidates for the position (*terna*) to the Parliament for ratification, and (2) involving the Citizen Anti-corruption Commission (CNCLCC) into the process of selection.

In particular, the CNCLCC could be granted a veto power against a candidate, if its members take this decision by simple majority. In addition, the CNCLCC could be given the power to ask for removal of a Secretary of Transparency in power, if there is a consensus amongst the members. Such rules would strengthen the de facto power of the civil society, through the CNCLCC, and introduce additional checks-and-balances and social control to the system. Overall, such an institutionalised procedure and selection criteria would also strengthen the position of the Secretary of Transparency vis-à-vis ministers, heads of administrative departments, and superintendents.

As already mentioned above, Mexico recently chose to design its new National Anti-Corruption System (*Sistema Nacional Anticorrupción*, NACS) in a way where civil society is given the opportunity to play an important role throughout the integrity policy cycle, including in electing the Technical Secretary of the Executive Secretariat to the Co-ordination Committee (OECD 2017a, and Box 1.3).

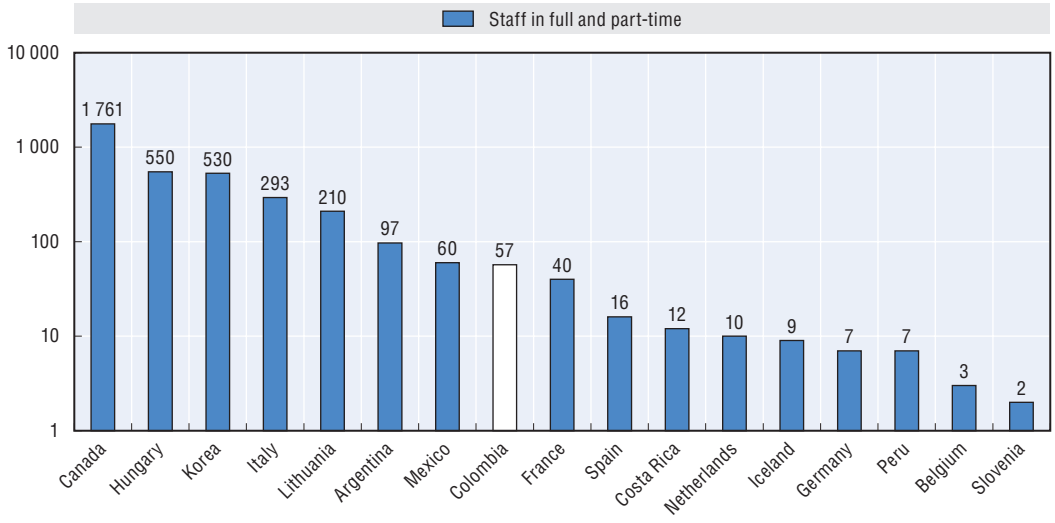
Transforming the Transparency Secretariat into a unit with administrative and financial independence, as well as one with its own legal capacity and budget, would help in overcoming current challenges related to contracting, human resource management, communication, as well as strategic planning

While the current location of the Transparency Secretariat in the organigram of the DAPRE facilitates its core mandate of co-ordination due to the relative closeness to the President, its complete administrative dependence comes along with some disadvantages.

First of all, all contracting of human resources has to go through DAPRE, which impacts the way that service contracts are structured, and the timing for processing them, among others. Reportedly, the Transparency Secretariat has lost staff positions to other dependencies

from the DAPRE, especially positions that require higher professional and academic levels. An adequate human resource management of the ST in accordance with the objectives can thus be difficult, both in terms of required technical capacities and stability over time to enable a learning curve. Figure 1.3 provides an overview of the staffing in Central Government Bodies designated as main focal points for developing and co-ordinating the integrity system for central government organisations across OECD countries having such an entity. It should be noted, that from the 57 staff in the Colombian Transparency Secretariat, 27 are full-time and 30 are part-time positions, making Colombia the country where part-time staffing most occurs.

Figure 1.3. **Professional staff (part and full time positions) in the Central Government Body designated as main focal point for integrity**



Note: Based on answers from 31 countries: Australia, Belgium, Canada, Chile, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Latvia, Mexico, Netherlands, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Switzerland, United Kingdom, United States, Argentina, Colombia, Costa Rica, Lithuania, and Peru. Countries not represented in the graph have replied not having a Central Government Body designated as main focal point for developing and co-ordinating the integrity system for central government organisations.
Source: OECD (2017e), *Government at a Glance 2017*, OECD Publishing, Paris. *http://dx.doi.org/10.1787/gov_glance-2017-en*

Second, due to the lack of administrative independence, the Transparency Secretariat cannot sign any legal document, such as contracts or co-operation agreements with universities, private companies, NGOs or individuals. This can raise the administrative transaction costs of joint projects or the outsourcing of studies or consultancies.

Third, the official communication strategy of the Transparency Secretariat currently depends on the DAPRE, thereby limiting the possibility of the ST to be more pro-active in positioning integrity and anti-corruption issues in the public opinion and traditional media due to the many competing priorities of DAPRE. In addition, it is not surprising that DAPRE's press office, responsible for the President's communication agenda, has not the required expertise to understand the scope and the relevance of communicating integrity and anti-corruption policies. Specifically, the Observatory of Transparency and Anti-corruption of the Transparency Secretariat should be able to develop and implement its own communication strategy, including for instance the development of campaigns.

Finally, the Transparency Secretariat currently cannot develop its own vision and mission, and internal organisational adjustments must be approved by resolution by the

DAPRE due to the administrative dependency of the ST from the DAPRE. This limits to some extent the development of a clearer strategic focus which could help in improving the focus and efficiency of the ST, although it does not hinder the ST to undertake an organisational development exercise to strengthen these aspects at least internally, as will be analysed in the next section.

Therefore, to enable the ST to take autonomous decisions in these aforementioned areas, Colombia could consider following the approach chosen for the Colombian Agency for Reintegration (*Agencia Colombiana para la Reintegración*, ACR, Decree 4138 of 2011) and establish the Transparency Secretariat as a special administrative unit at the national level (*unidad administrative especial del orden nacional*) under the DAPRE enjoying administrative and financial independence, as well as having its legal capacity and budget.

The recent conformation of three working groups in the Transparency Secretariat is a step towards a more efficient division of labour that could be further improved by an organisational development exercise to discuss the strategic focus, priorities, boundaries, and internal co-ordination mechanisms

Taking into account the context of austerity and the efforts that will be required in the post-conflict phase, it is inevitable that the Transparency Secretariat will need to select strategic priorities for action. This should include a focus on its core mandate in terms of elaborating the national "umbrella" public anti-corruption policy, as well as co-ordination, monitoring and evaluating its results with a view to strengthening an evidence-based whole-of-government and whole-of-society approach to addressing corruption. This is crucial for the post-conflict construction of peace as well as the recuperation of trust in and legitimacy of state institutions.

The Transparency Secretariat should therefore consider undertaking an organisational development exercise, including a clarification of its strategic objectives and priorities, a review of its structure and internal work division, and its operations. This exercise could build on an analysis of the results and lessons learned of the ST's past and current activities as well as an analysis of the broader integrity and anti-corruption policy-making context. A 360-degree analysis, involving stakeholders, partners and clients of the Transparency Secretariat could be helpful to broaden the perspective and get external feedback. The resulting vision, key-objectives and expected results would serve as the basis for its institutional road map.

On the basis of this strategic exercise, short-term priorities and expected results should be identified in order to mitigate the risk of silos within the Transparency Secretariat. This will also strengthen internal co-ordination and communication mechanisms and protocols; the latter of which could be elaborated in order to ensure that information and knowledge are shared and transmitted, and scope for synergies reaped. In addition, an internal clarification of the work processes, the design of a formal organigram as well as clear internal co-ordination mechanisms could contribute to significantly increasing efficiency and effectiveness of the Transparency Secretariat.

In particular, the Transparency Secretariat should aim at using contributions from international co-operation with a clear strategy on how to ensure their viability and sustainability over time after the initial support has finished. Support from international cooperation can be important to initiate programmes of work and pilot initiatives. These should feed into the strategic priorities and objectives and come along with a clear strategy on how to scale them up and on how to ensure their sustainability over time. The ST could

make more use of joint and complementary donor initiatives by opening space for mutual collaboration, inviting donors to contribute to co-ordination.

An organisational development exercise as recommended could further help in clarifying and sharpening the boundaries, establish internal communication and co-ordination protocols, as well as required human resources.

In that sense, the recent establishment of three internal working groups, by Resolution 0970 from December 2016, is an important step forward. The three working groups are:

- the Policy Group on Transparency, Access to Information and Fight against Corruption (*Grupo de Política de Transparencia, Acceso a la Información y Lucha contra la Corrupción*, GTALCC)
- the Group for the Review and Analysis of Petitions, Reports and Complaints of Corruption (*Grupo de Revisión y Análisis de Peticiones, Denuncias y Reclamos de Corrupción*, GRAP)
- the Laboratory for Innovations in the Fight against Corruption (*Grupo Laboratorio de Innovación en Lucha contra la Corrupción*, GLILC).

The **Policy Group on Transparency, Access to Information and Fight against Corruption** (GTALCC) is at the core of the Transparency Secretariat's mandate. In particular, this group is responsible for the work with the National and Regional Moralisation Commissions, and in developing and reviewing the National Public Anti-corruption Policy (PPIA). In order to sharpen the profile of the GTALCC, it is recommended to narrow the focus of activities. On the one hand, the ST should focus on elaboration, implementation, and monitoring of policies and measures related to the country's open government agenda and Law 1712 on transparency and access to public information, a realm where the Transparency Secretariat has been performing a lead function, in co-ordination with DAFP and other actors. On the other hand, the ST has a key role to play in reaching out to sectors, subnational governments, the private sector and civil society, ensuring a whole-of-society approach.

In turn, the Transparency Secretariat should reduce or withdraw from certain other activities that should be developed and implemented by other public agencies, especially activities related to internal control, human resource management, organisational development, and the promotion of a culture of integrity in the public administration, where the DAFP has a clear mandate for policy elaboration and implementation. Nevertheless, the GTALCC should play a role as partner, advisor, promoter and facilitator in these areas, as well as ensuring their coherence with measures taken outside the executive, and including these policies in the "umbrella" Public Anti-corruption Policy.

In addition, ideally during the recommended organisational development exercise, it could be considered taking the Observatory for Transparency and Anti-corruption out of the GTALCC, which is currently entrusted with managing it, at establish it as a fourth internal working group. Indeed, the tasks carried out by the Observatory require very specific skills and would rapidly over-burden the team of the GTALCC (see also recommendation on the Observatory below).

The **Laboratory of Innovation in the Fight against Corruption** (GLILC) is a commendable step taken by the Transparency Secretariat towards promoting new evidence-based policies in the fight against corruption. Indeed, many countries are increasingly questioning some of the more traditional approaches in fighting corruption, such as a strong focus on control and sanction, and emphasising more nuanced approaches drawing also from insights from behavioural sciences (OECD, 2016b and chapter 2). As such, the GLILC can design, implement and evaluate pilot initiatives in order to rigorously test new approaches or innovative

measures. This should be done in close co-operation with other public entities, especially with the Colombian Central Procurement Agency (*Colombia Compra Eficiente*), the DAFP, and the DNP, but also sub-national governments, in particular in regions of particular relevance for the post-conflict work. In this area, particular attention should be paid to ensure that successful pilots are taken over, up-scaled and implemented in a sustainable manner by the respective responsible public entity.

Finally, the internal Group for the Review and Analysis of Petitions, Reports and Complaints of Corruption (Grupo de Revisión y Análisis de Peticiones, Denuncias y Reclamos de Corrupción, GRAP) revises and analyses incoming petitions, suggestions, complaints and objections (*peticiones, sugerencias, quejas y reclamos*, PSQR) that are addressed to DAPRE or directly to the Transparency Secretariat through an e-mail address available on the Secretariat's website (transparencia@presidencia.gov.co). In Colombia, every public entity has the responsibility in detecting cases and either sanctioning them through the Internal Disciplinary Control system and/or channelling the cases to the responsible authority. Through resolution 3046 from 2012, the DAPRE is regulating the procedures for PSQR which are received by the President's office. Reportedly, over time, an increasing number of reports of alleged corruption have been and are directed to the DAPRE through this channel and are transmitted internally to the Transparency Secretariat. In principle, however, the core mandate of the Transparency Secretariat does not include receiving corruption reports and complaints from citizens. If required, these PSQR are sent to the authorities responsible for investigation, and to follow-up on the actions taken.

According to information provided by Colombia, the main purpose of the GRAP, beyond receiving complaints and reports, is to overcome the disconnection between the information contained in reported allegations and cases of corruption and policy making. It is also a reaction to the reality that, in the eyes of many citizens, the Transparency Secretariat is responsible for anti-corruption and therefore addresses their complaints and reports to this institution. The rationale for using the information for policy-making is based mainly on the idea of taking immediate preventive administrative actions, while the responsible criminal or disciplinary investigations run in parallel, and can often take much time.

Currently, the Presidential Directive 01 from 2015 establishes a formal reporting mechanism which asks all heads of internal control offices to inform the Transparency Secretariat about alleged corruption cases in their organisations. While providing potential relevant information, it must be acknowledged as well that this mechanism also creates an additional administrative burden to the heads of internal control, and that it will imply efforts in the Transparency Secretariat to make an effective use of this information.

Therefore, a first step should be a more general discussion at the level of the National Moralisation Commission seeking to clarify if, first, this role of the Transparency Secretariat of getting information related to reports from other public entities is desirable and legally feasible, by carefully looking at advantages and disadvantages. Second, if it is considered to be a desirable task, the members of the CNM should clarify how exactly relevant information is channelled to the Transparency Secretariat without creating excessive administrative burden and without endangering criminal and disciplinary investigations.

For instance, it would be recommended to minimise the data to be processed in order to ensure that those who are supposed to provide this information, e.g. investigators, prosecutors, auditors and heads of internal control offices, will not be over-burdened and

will actually fill-out the forms adequately and regularly. Also, the separation of powers has to be safeguarded at all stages. For this, the Transparency Secretariat could engage a discussion with these target groups in order to agree upon a minimum of information to be provided, and clarifying the purpose and how the information will be processed and used, and what message this information is expected to provide. Also, Resolution 0970 from December 2016, is not clear about whether the GRAP or the Observatory of Transparency and Anti-corruption, likely to be more skilled in handling quantitative data, would be responsible for analysing this information that reaches the Transparency Secretariat through these external channels.

This discussion in the CNM around complaints and reports should lead to move forward with the above-mentioned "one-stop-shop" mechanism (*Ventanilla Única de Denuncias*), whose implementation within the CNM may provide an opportunity to efficiently ensure the link between receiving reports for the purpose of investigation, while at the same time using the information for preventive purposes.

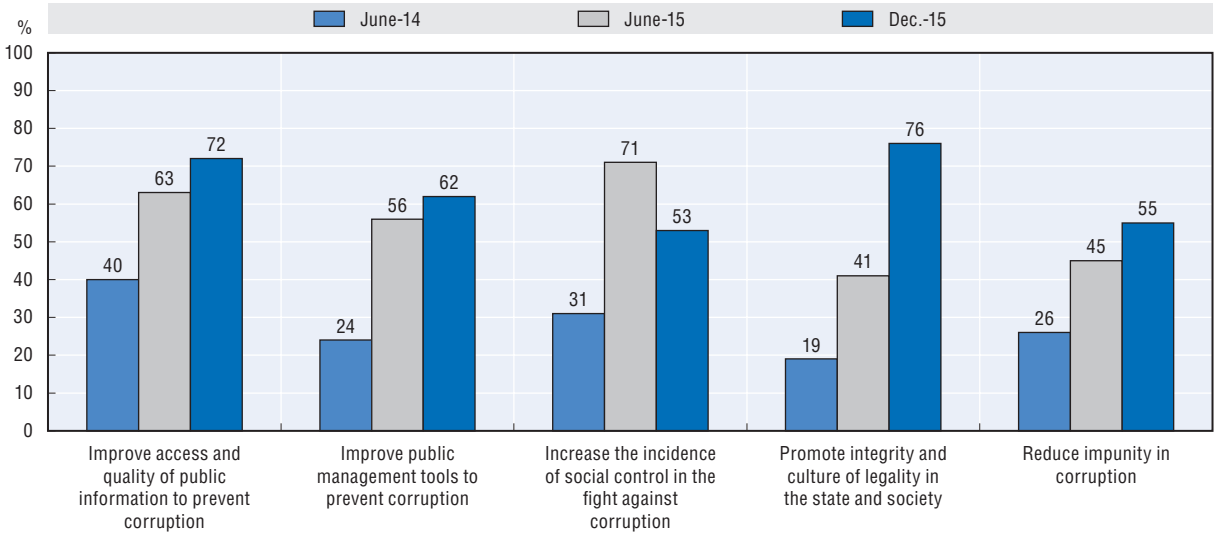
In addition, and independent from the previous considerations, there is a challenge related to the fact that currently, the Secretary of Transparency has no clearance to access the information under article 36 and 37 of Law 1621 from 2013 (Law on Intelligence and Counter-intelligence), while ministers and vice-ministers do have access to this type of information. Indeed, the Secretary of Transparency, in the exercise of its functions, is currently participating in meetings, e.g. with the Prosecutor Office, the UIAF, or the Anti-corruption Task Force, where such a type of information is shared and discussed, and decisions are made with respect to cases. Legally, this situation is a grey area that could lead to legal problems or could endanger the legality of the ongoing processes. Therefore, it is recommended to either grant clearance to the Secretary of Transparency to access information according to Law 1621 from 2013, or removing the Secretary of Transparency from discussions related to specific cases.

The Transparency and Anti-corruption Observatory is a good practice promoting evidence-based policies and communication which could be further strengthened by establishing it as a separate group in the Transparency Secretariat and increasing its capacities

A strategic approach to public sector integrity is based on evidence and aims at identifying and mitigating public integrity risks. This can be achieved by setting strategic objectives and priorities following a risk-based approach, as well as by developing benchmarks and indicators and gathering credible and relevant data on the level of implementation, performance and overall effectiveness of the public integrity system.

The Observatory of Transparency and Anti-corruption in Colombia is a commendable good practice at international level. The Observatory originally was designed and started by the Inspector General (PGN) and has been handed over in 2012 to the Transparency Secretariat. The Observatory is an instrument for promoting integrity in the whole-of-government, across institutions and levels of government, and the whole-of-society, reaching out to citizens, private sector and civil society. Currently, the Observatory provides not only the above-mentioned indicators on the level of implementation of the Regional Commissions, but also indicators on the level of achievement of the goals set by the Comprehensive Public Anti-corruption Policy. Although these indicators are focusing on processes and outputs as well, they are an important first step towards enabling the public monitoring of the integrity policy (Figure 1.4).

Figure 1.4. **Level of the indicators measuring the progress of the Comprehensive Public Anti-corruption Policy**



Source: Based on Indicadores Política Pública Anticorrupción (PPIA), *Observatorio de Transparencia y Anticorrupción*. Available at *http://www.anticorrupcion.gov.co/Paginas/Indicadores-PPIA.aspx*. Last accessed 17 October 2016.

In order to reach its full potential, the Observatory could be strengthened by:

- Separating the Observatory from the Policy Group on Transparency, Access to Information and Fight against Corruption (GTALCC) and establish it as an additional group within the structure of the Transparency Secretariat. This would enable the Observatory to have a dedicated staff trained in communication and in quantitative techniques of data collection, management, and analysis, especially on policy impact evaluations. The Transparency Secretariat could use the organisational development exercise to discuss a previous concept elaborated for the Observatory and compare it to the actual experiences and challenges.
- Engaging in partnerships with international, national and sub-national research institutions, e.g. building on the experience with the Externado de Colombia University (*Universidad Externado*), in order to elaborate joint studies using the available information and drafting concise policy briefs based on their results. Indeed, Colombia counts with many sources of quantitative information provided by various public and private institutions, which could be used more actively. Specifically, by partnering with universities, the Observatory could set incentives for professors to direct and students to write undergraduate and graduate thesis on topics related to understanding the dynamics of corruption in the country and the effectiveness and impact of integrity policies.
- Building on the efforts made in communicating to the whole-of-society, a communication strategy could be developed, in particular with the aim of promoting the importance of deeper, structural reforms, moving away from a reactive approach triggered by scandals, "a culture of cases", to a proactive, strategic strengthening of the institutions aimed a cultural change, "a culture of integrity". Also, a well-designed communication strategy may provide an important contribution towards changing social dynamics with respect to tolerance vis-à-vis certain corrupt practices and may facilitate collective action initiatives (Panth, 2008). Campaigns and education programmes could be part of this communication strategy (Box 1.5).

Box 1.5. **Mobilising Society to fight corruption through civic education and awareness-raising programs: the case of Hong Kong's Independent Commission Against Corruption**

Since its inception in 1974, Hong Kong's Independent Commission against Corruption (ICAC) has embraced a three-pronged approach of law enforcement, prevention and community education to fight corruption. The Community Relations Department (CRD) is responsible for promoting integrity in society, and utilises several different methods to educate society, including civic education programmes and awareness-raising campaigns.

Civic education

The CRD offers tailor-made preventive education programmes ranging from training workshops to integrity building programmes for different groups of the community, such as businesspersons and professionals. The content of the training workshops covers the following areas: prevention of bribery ordinance; the pitfalls of corruption; ethical decision-making at work; and managing staff integrity. The CRD also disseminates anti-corruption messages to students in secondary schools and at tertiary institutions though interactive dramas and discussions on personal and professional ethics. Additionally, the CRD organises regular talks and seminars for the private and non-profit sector to advise them on how to incorporate corruption prevention measures into their operational systems and procedures. Topics range from knowledge on the pitfalls of corruption, risk management, ethical governance and what to do if offered bribes.

Awareness campaigns

The CRD also uses various platforms and techniques to raise awareness about corruption and to publicise anti-corruption messages to different segments of society. For instance, anti-corruption messages are disseminated through television and radio advertisements, such as the TV drama series "ICAC Investigators" which has become a household title.

Likewise, the CRD communicates its messages through poster campaigns and the internet. For instance, the main website of ICAC provides the public with the latest news of the Commission, information on corruption prevention, and access to the ICAC audio-visual products and other publications. The website is also home to the two video channels for ICAC, which includes the complete ICAC TV drama series and training videos on how to prevent corruption. The ICAC Drama Weibo tweets about integrity-related issues to educate the general public on the evils of corruption, whereas the ICAC Smartphone app houses all the latest news and activities of the ICAC, including the integrity videos. The ICAC eBooks Tablet App also provides users with access to the ICAC e-publications, in order to ensure that the general public has access to anti-corruption materials at any time.

In the first year of its operation, the public education campaigns resulted in 3189 reports of alleged corruption, more than twice the number of reports received by police in the previous year (Panth, 2011). More than 30 years later, the efforts of Hong Kong's ICAC have produced a situation in which seven in ten citizens are willing to report corruption (Johnston, 2005). As the Hong Kong example demonstrates, preventing corruption was not solely the result of strong institutions and laws. Enhancing society's participation to hold institutions to account, along with continuous, concerted attention and efforts, has led to an environment in which corruption is rejected by both public officials and citizens alike.

Source: ICAC website, *http://www.icac.org.hk/en/ack/pep/index.html*, last accessed 17 October 2016; Panth, S. (2011) "Changing Norms is Key to Fighting Everyday Corruption," *The Communication for Governance and Accountability Program*, World Bank, *http://siteresources.worldbank.org/INTGOVACC/Resources/ChangingNormsAnnexFinal.pdf*, last accessed 17 October 2016; Johnston, M. (2005) *Syndromes of Corruption: Wealth, Power and Democracy*, Cambridge: Cambridge University Press.

- Ensuring an effective internal feedback loop between the Policy Group on Transparency, Access to Information and Fight against Corruption (GTALCC) and the information from the monitoring of the implementation of the Public Anti-corruption Policy (PPIA) and other evidence from the Observatory. Specifically, the Observatory could work on developing a monitoring and evaluation framework for the Colombian integrity policies (Johnson and Soreide, 2013). Actual impact evaluations of integrity policies could draw on existing indicators at the intermediate outcome and impact levels, both for the national and sub-national level (see also the recommendation above with respect to the CRM). Quantitative evaluations could and should be complemented by qualitative case studies and information.
- Supporting the Regional Moralisation Commission in their communication strategy and promoting region-specific analysis, e.g. promoting links to local academia and research institutes to conduct relevant studies on regions and municipalities with respect to corruption and integrity policies, especially also from the perspective of post-conflict challenges.
- Finally, the Observatory could play a key role in developing, jointly with the responsible entities, specific integrity indicators related to the implementation of the Peace Agreement, and enable a public monitoring of these indicators through its website.

The members of the National Moralisation Commission should be encouraged and invited to contribute with expertise and information. In addition, Colombia could consider to earmark funds specifically for the Observatory in order to guarantee its functioning. Again, the use of royalties (*regalías*) could be considered as an option to explore.

Proposals for action

The institutional arrangements and effective co-ordination amongst the actors of the public integrity system are fundamental aspects of the Colombian efforts to enhance integrity and mitigate corruption risks at all levels. The OECD therefore recommends that Colombia takes the following actions in order to enhance its public integrity system:

Integrity for peace

- To promote the legitimacy of the State and achieve sustainable peace, the capacities of local public administration need to be strengthened and integrity policies mainstreamed throughout the post-conflict policies and processes with emphasis on high-risk areas and sectors.
- To ensure coherence between integrity and post-conflict policies, co-ordination should be enhanced between the institutions and instruments created in the process of the Peace Agreement and those of the Colombian public integrity system.

Improve co-ordination of integrity policies at national level

- The Colombian inter-institutional platform for co-ordination of anti-corruption policies, the National Moralisation Commission, is commendable, but challenges to ensure an effective co-ordination persist, and to reflect its broad mandate it could be rebranded as Commission for Integrity and Transparency or Commission for Integrity and Anti-corruption.
- For an effective co-ordination across the public integrity system, important actors that are currently not members of the National Moralisation Commission could either be included as members, invited on a regular base, or participate in the technical sub-commissions.

- Regular meetings of the CNM and establishing two technical sub-commissions, one on prevention and one on detection and sanction, would help to ensure continuity and technical quality the CNM.
- To ensure that the National Citizens Commission for the Fight against Corruption (CNCLCC) can fulfil its mandate and functions, a regular briefing to the CNM should be institutionalised and the regular funding of its technical secretariat secured.

Reaching and empowering the regional level

- The National Moralisation Commission and the Transparency Secretariat should clarify the composition, mandate, functions and procedures of the Regional Moralisation Commissions, especially with respect to their role in prevention policies, to align them with their broad mandate.
- To ensure a proper functioning of the CRM, a technical support unit or person should be institutionalised, and capacities and appropriate financial resources provided by the individual members of the CNM at the national level and by local governments.
- Mechanisms to allow for communication and information exchange between the CRM could enhance mutual learning and help in addressing cross-regional corruption problems.
- The public monitoring and benchmarking between the CRM could be complemented by indicators at the level of intermediate output or outcome (impact), using available indicators or considering developing additional ones.

Strengthening of the Transparency Secretariat

- Giving a permanent seat to the Secretary of Transparency at the Council of Ministers and a direct link to the President would empower the co-ordination function of the Transparency Secretariat and promote mainstreaming and coherence of integrity policies.
- To enhance checks-and-balances and shield the position from potential undue influence and abuses, the criteria for profile, tenure, and for the appointment and removal procedures of Secretary of Transparency could be clarified, and civil society involved in the process.
- Transforming the Transparency Secretariat into a unit with administrative and financial independence, as well as an own legal capacity and budget, would help in overcoming current challenges related to contracting, human resource management, communication, as well as strategic planning.
- The recent conformation of three working groups in the Transparency Secretariat is a step towards a more efficient division of labour that could be further improved by an organisational development exercise to discuss the strategic focus, priorities, boundaries, and internal co-ordination mechanisms.
- The Transparency and Anti-corruption Observatory is a good practice promoting evidence-based policies and communication which could be further strengthened by establishing it as a separate group in the Transparency Secretariat and increasing its capacities.

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Chapter 2

Cultivating a culture of integrity in the Colombian public administration

This chapter reviews the Colombian policies and practices related to the promotion of a culture of integrity in the public service. In particular, it provides concrete recommendation on the normative framework, as well as the organisational underpinning to ensure its implementation. Furthermore, it provides guidance on how Colombia could strengthen its work towards a culture of integrity in the public sector by providing guidance, raising awareness and developing relevant capacities. Also, the chapter provides recommendations on how Colombia could mainstream integrity policies in human resource management, improve the financial and interest disclosure system, and ensure the enforcement of integrity standards. Finally, guidance on how to monitor and evaluate integrity policies is provided.

Embedding a culture of integrity in the public sector requires implementing complementary measures. Setting standards of conduct for public officials and the values for the public sector are amongst the first steps towards safeguarding integrity in the public sector. For instance, international conventions and instruments, such as the 2017 OECD Recommendation on Public Integrity (OECD, 2017a) and the United Nations Convention against Corruption (UNCAC), recognise the use of codes of conduct and ethics as tools for articulating the values of the public sector and the expected conduct of public employees in an easily understandable, flexible manner. Such instruments can support the creation of a common understanding within the public service and among citizens as to the behaviour public employees should observe in their daily work, especially when faced with ethical dilemmas or conflict-of-interest situations.

In addition, integrity measures are likely to be most effective when they are effectively integrated or mainstreamed into general public management policies and practices, especially human resource management and internal control (see chapter 3), and when they are supported by sufficient organisational, financial and personal resources and capacities. In turn, high staff turnover, lack of guidance and a weak tone from the top are impediments to an open organisational culture where advice and counselling can be sought to resolve ethical problems such as conflict-of-interest situations.

Key elements to cultivating a culture of integrity comprise (OECD, 2017a), but are not restricted to:

- Investing in integrity leadership to demonstrate a public sector organisation's commitment to integrity.
- Promoting a merit-based, professional, public sector dedicated to public-service values and good governance.
- Providing sufficient information, training, guidance and timely advice for public officials to apply public integrity standards, including on conflict-of-interest situations and ethical dilemmas, in the workplace.
- Supporting an open organisational culture within the public sector responsive to integrity concerns.

Overall, the set of measures defined by a coherent and comprehensive integrity policy framework should aim at creating cultures of organisational integrity in the public administration. Indeed, while laws and regulations define the basic standards of behaviour for public servants and make them enforceable through systems of investigation and prosecution, legal provisions remain strings of words on paper if they are not actually implemented and applied in all public entities. In order to effectively achieve such a cultural change, a balance is required between fostering extrinsic motivation of public officials through a rules-based approach, based on laws, controls and sanctions, and appealing to their intrinsic motivation through a values-based approach.

In Colombia, however, a recent survey on the working environment showed that 41.7% of public servants indicate that the absence of ethical values is the most influential factor on the occurrence of irregular practices (DANE, 2016). The following sections review the current normative and organisational framework, as well as existing policies and practices aimed at working towards a culture of integrity in the Colombian public administration. Concrete recommendations are derived to help Colombia in building a strong public integrity system where values-based and compliance-based approaches are balanced.

Building a normative and organisational integrity framework for the Colombian Administration

The Administrative Department of the Public Service (DAFP) should lead the promotion of a culture of integrity in the public administration, counting with the required organisational, financial and human resources and co-ordinating with other relevant actors through the National Moralisation Commission

A clear definition of mandates, objectives and functions is not only essential to designing sound integrity strategies and preventing overlaps between relevant actors, but also to creating an environment where awareness and understanding of values, principles and practices are uniform among public entities, and where clear and timely guidance is provided by responsible institutions. As analysed in chapter 1, the Colombian public sector integrity system consists of several actors, some of them are members of the National Moralisation Commission (*Comisión Nacional de Moralisación*, or CNM), which is the mechanism to co-ordinate anti-corruption and integrity policies.

The mandate provided to the Administrative Department of Public Service (*Departamento Administrativo de la Funcion publica*, or DAFP) by Decree 2169 of 1992, clearly defines the DAFP as the lead entity for developing, promoting and implementing all regulations, policies and activities related to the promotion of ethics in the public administration and the management of conflict-of-interest situations. Also, the DAFP has to play a key role in strengthening the institutional capacities of the public administration in the context of the implementation of the Peace Agreement. As such, it was recommended in the previous chapter that the DAFP should become a full member of the National Moralisation Commission.

Indeed, for the executive branch, the DAFP is best positioned to provide: policy guidance and implementation support concerning integrity policies for the public administration; ensuring coherence between public ethics and conflict-of-interest management policies; and mainstreaming integrity measures into human resource management, internal control and risk management, regulatory simplification, and organisational development policies throughout the public administration at national and sub-national level. Furthermore, the DAFP can ensure consistency between policy and training needs by co-ordinating with the Higher School of Public Administration (*Escuela Superior de Administración Pública*, ESAP), responsible for formulating, updating and co-ordinating trainings and courses in matters of public management. A section below contains specific recommendations concerning the ESAP.

However, to be able to fulfil this key mandate of the public integrity system, Colombia should ensure that the DAFP has the organisational, financial and human resources required for providing implementation support to the policies it provides. Currently, it seems that the capacities of the DAFP are not sufficient to effectively fulfil its core functions and ensure an effective implementation and mainstreaming of its policies throughout the whole public administration. Beyond ensuring that the budget matches the tasks entrusted to the DAFP, efforts should also be made to focus on developing and delivering targeted services to its

main clients, i.e. the ministries, and local and regional governments, while activities aimed at directly communicating to citizens could be reduced, leaving this to the respective public entities delivering the public services. Clearly identifying the addressees of the DAFP's different regulations and policies, including public integrity policies, would enable to better target its efforts and resources on those areas where they are most expected and most needed, especially also related to the implementation of the Peace Agreement. While increasingly efforts are being made in this direction, the DAFP needs to carefully consider the different realities and levels of development in Colombia, such as those characterising rural and urban municipalities, and if necessary adapt its products and services accordingly. Ensuring realistic and thus effective policies becomes particularly relevant in the context of the implementation of the peace agreements in conflict-affected areas, where capacities are likely to be particularly low.

In addition, in the short term, Colombia should ensure, through the CNM, that existing programmes and related resources dedicated to cultivating a culture of integrity in the public administration are closely co-ordinated with the DAFP to ensure complementarity and avoid duplications and waste of resources. In the long term, it would be desirable if all programmes and resources aimed at promoting such a culture were unambiguously dedicated to the DAFP. Indeed, there are currently efforts by other entities aimed at promoting integrity in the public administration, for instance the "Culture of Legality" programme of the Inspector General (*Procuraduría General de la Nación*, or PGN) which aims at promoting integrity standards in the public administration, and activities undertaken by the Transparency Secretariat. However, beyond the potential duplication, such and similar programmes may create confusion amongst public servants about the relevant guidance concerning values and integrity standards. More specifically, the programme from the PGN may also blur the line between its disciplinary enforcement function, clearly a mandate of the PGN, and the prevention mandate of the DAFP related to developing and implementing public ethics policies for the public administration. In the future, other similar programmes therefore should either be leaded by the DAFP or at least be closely aligned with the policy guidance issued by the DAFP.

In turn, it is key to ensure a close co-ordination between enforcement and prevention functions as stressed below in the recommendation on ensuring effective responses to integrity violations. Indeed, a culture of integrity cannot be achieved by appealing to public values alone. Timely, appropriate and proportionate disciplinary and, if required, criminal sanctions need also to be in place when integrity breeches occur to ensure accountability and the credibility of the system. This co-ordination between the Inspector Office (PGN), the Prosecutor General (*Fiscalía General de la Nación*, FGN), the Comptroller General (CGR), the DAFP, the Transparency Secretariat and other relevant institutions can be ensured, again, through the co-ordination platform offered by the CNM, as recommended in chapter 1.

To ensure an effective implementation of integrity policies throughout the public administration, the DAFP could consider establishing integrity contact points (units or persons) within each public entity

Even with a clearly defined mandate, the DAFP faces the serious challenge of ensuring that the integrity policies are actually implemented and mainstreamed throughout the public administration. The institutional arrangements that underpin legal and policy frameworks are a major contributing factor towards ensuring successful implementation. Although integrity is ultimately the responsibility of all organisational members, the OECD recognises that dedicated "integrity actors" are particularly important to complement the essential role of mangers in stimulating integrity and shaping ethical behaviour, namely "integrity actors"

(OECD, 2009a). Indeed, international experience suggests the value of having a dedicated and specialised unit or individual that is responsible and in the end also accountable for the internal implementation and promotion of integrity policies in an organisation. Guidance on ethics and conflict of interest in case of doubts and dilemmas needs also to be provided on a more personalised and interactive level than just through written materials; especially to respond on an ad hoc basis when public officials are confronted with a specific problem or doubts.

Although some public entities in Colombia have ethics commissions/committees which could fulfil this task, there is currently no uniform implementation or normative guidance concerning the exact mandate, functions and organisational integration of these committees or similar units. Also, as these ethics commissions/committees are not obligatory, the DAFP does not have an overview of how many of them exist and how they are exactly implemented.

Therefore, the DAFP could develop a policy that clearly assigns integrity a place in the organisational structure of public entities and give the responsibility of promoting integrity policies to dedicated and specialised units or individuals within each entity; these could play the role of an Integrity Contact Point. In particular, such a policy could consider the fruitful experience of OECD countries such as Germany (Box 2.1) and Canada (Box 2.2). The DAFP should first pilot the implementation of such Integrity Contact Points in a specific sector, taking also into account successful experiences of existing ethics commissions/committees, in order to learn from the experience before scaling-up the requirement to the whole public administration.

The main responsibility of these Integrity Contact Points would be to implement DAFP's integrity policies and encourage an open organisational culture where ethical dilemmas, public integrity concerns, and errors can be discussed freely, and where doubts can be raised concerning potential conflict-of-interest situations and how to deal with them. As such, they should be clearly separated from the enforcement function represented in Colombia by the internal disciplinary control function (*control interno disciplinario*). Indeed, ethical guidance needs to be provided in an environment where public officials can seek advice without fear of reprisal. The separation with the enforcement function would allow the Integrity Contact Points to acquire a separate identity and visibility, independent from the repressive paradigm which is common of legalistic systems like Colombia where the emphasis tends to be on enforcement of integrity and anti-corruption rules. Despite this separation, the individuals in the Integrity Contact Point should receive training on disciplinary issues and regularly co-ordinate with the internal disciplinary control staff to ensure that the guidance provided by them is not in conflict with existing regulations. The Integrity Contact Point would also play a crucial role facilitating the process of determining and defining integrity in the organisation, including the responsibility for developing, implementing and updating codes of integrity, as recommended below.

In addition, the Integrity Contact Point could be given a mediator role within the existing procedure to disclose an actual a conflict-of-interest situation established in Article 12 of the Administrative Procedure Code (*Código de Procedimiento Administrativo y de lo Contencioso Administrativo*). This states that the public official has to disclose his or her conflict of interest within three days of getting to know it to his supervisor or to the head of department or the Attorney General Office (or the Superior Mayor of Bogota or the Regional Attorney General Office at lower levels of government), according to public official seniority. The competent authority has then ten days to decide the case and, if required, designate an ad hoc substitute. To ensure that the conflict-of-interest situation is managed adequately, the DAFP therefore could improve the procedure by offering the public official the possibility to disclose the

conflict-of-interest situation to any of the authorities listed above. This situation could also be managed by giving the Integrity Contact Points the role of mediator in case the public official has doubts as to whom he or she should disclose the situation to or in the event that he or she feels uncomfortable in disclosing his to his or her line manager. Furthermore, conflict-of-interest disclosures should be archived by the Human Resource Management units (HRM) together with the already existing personal file so that the HRM units have a have track record of situations which were raised by the public official (and information on how they were addressed).

Box 2.1. **Germany's Contact Persons for Corruption Prevention**

Germany, at federal level, has institutionalised units for corruption prevention as well as a responsible person that is dedicated to promoting corruption prevention measures within a public entity. The contact person and a deputy have to be formally nominated. The "Federal Government Directive concerning the Prevention of Corruption in the Federal Administration" defines these contact persons and their tasks as follows:

1. A contact person for corruption prevention shall be appointed based on the tasks and size of the agency. One contact person may be responsible for more than one agency. Contact persons may be charged with the following tasks:

   serving as a contact person for agency staff and management, if necessary without having to go through official channels, along with private persons;

   advising agency management;

   keeping staff members informed (e.g. by means of regularly scheduled seminars and presentations);

   assisting with training;

   monitoring and assessing any indications of corruption;

   helping keep the public informed about penalties under public service law and criminal law (preventive effect) while respecting the privacy rights of those concerned.
2. If the contact person becomes aware of facts leading to reasonable suspicion that a corruption offence has been committed, he or she shall inform the agency management and make recommendations on conducting an internal investigation, on taking measures to prevent concealment and on informing the law enforcement authorities. The agency management shall take the necessary steps to deal with the matter.
3. Contact persons shall not be delegated any authority to carry out disciplinary measures; they shall not lead investigations in disciplinary proceedings for corruption cases.
4. Agencies shall provide contact persons promptly and comprehensively with the information needed to perform their duties, particularly with regard to incidents of suspected corruption.
5. In carrying out their duties of corruption prevention, contact persons shall be independent of instructions. They shall have the right to report directly to the head of the agency and may not be subject to discrimination as a result of performing their duties.
6. Even after completing their term of office, contact persons shall not disclose any information they have gained about staff members' personal circumstances; they may however provide such information to agency management or personnel management if they have a reasonable suspicion that a corruption offence has been committed. Personal data shall be treated in accordance with the principles of personnel records management.

Source: German Federal Ministry of the Interior "Rules on Integrity", *https://www.bmi.bund.de/SharedDocs/Downloads/EN/Broschueren/2014/rules-on-integrity.pdf?__blob=publicationFile*

Box 2.2. **Canada: Senior officials for public service values and ethics and departmental officers for conflict of interest and post-employment measures**

Senior officials for public service values and ethics

- The senior official for values and ethics supports the deputy head in ensuring that the organisation exemplifies public service values at all levels of their organizations. The senior official promotes awareness, understanding and the capacity to apply the code amongst employees, and ensures management practices are in place to support values-based leadership.

Departmental officers for conflict of interest and post-employment measures

- Departmental officers for conflict of interest and post-employment are specialists within their respective organisations who have been identified to advise employees on the conflict of interest and post-employment measures (…) of the Values and Ethics Code.

Source: Treasury Board of Canada Secretariat, *www.tbs-sct.gc.ca/ve/snrs1-eng.asp*

From an organisational standpoint, the Integrity Contact Point, whether an individual or a unit, should be clearly integrated into the organisational framework and count with accountability mechanisms as well as have its own budget to implement the activities related to their mandate. The role of the Integrity Contact Point could be assigned to already existing staff member(s) or units (e.g. within the human resources units), and the number of staff could be defined according to the size of the respective public agency. Furthermore, the units or individuals should report directly to the head of the public entity, and receive targeted trainings and guidance to professionally fulfil their mandate. In addition, Colombia could consider whether the Integrity Contact Points should also report to the DAFP as a second line of accountability outside of their public entity to reduce the risk of collusion within entities, and to ensure the centralisation of information for statistical purposes.

In addition, Colombia could consider establishing a network between the Integrity Contact Points where they can exchange good practices, discuss problems and develop capacities (Box 2.3). Such a network should already be established during the pilot implementation to enable joint learning.

Box 2.3. **The Canadian Conflict of Interest Network**

The Canadian Conflict of Interest Network (CCOIN) was established in 1992 to formalise and strengthen the contact across the different Canadian conflict of interest commissioners. The commissioners from each of the ten provinces, the three territories and two from the federal government representing the members of the Parliament and the Senate meet annually to disseminate policies and related materials, exchange best practices, discuss the viability of policies and ideas on ethics issues.

Source: New Brunswick Conflict of Interest Commissioner (2014), *Annual Report Members' Conflict of interest Act 2014*, *https://www.gnb.ca/legis/business/currentsession/58/58-1/LegDoc/Eng/July58-1/AnnualReportCOI-e.pdf*.

The public integrity management framework currently developed by the DAFP should be based on risks, apply to all public employees independent of their contractual status, define public values, and provide guidance and procedures for conflict-of-interest situations and ethical dilemmas

Promoting public ethics and providing guidance for identifying and managing conflict-of-interest situations for resolving ethical dilemmas are at the core of developing a culture of integrity in the public sector. Such efforts should be integrated into public management and not perceived as an add-on, stand-alone exercise. Codes of conduct and ethics are generally the tools adopted to build and raise awareness of common values and standards of behaviour in the civil service. They can be understood as an entry point that can bring together different elements of integrity management within the public sector. Indeed, research has revealed that "codes influence ethical decision making and assist in raising the general level of awareness of ethical issues" (Loe et al., 2000). As such, codes should provide in particular relevant guidance to public officials when faced with conflict-of-interest situations and ethical dilemmas.

In Colombia, Decree 2539 of 2005 sets forth the general competencies required for public service at different levels in the entities ruled by Laws 770 and 785 of 2005. The Unique Disciplinary Code (*Código Único Disciplinario*) from 2002 establishes duties and behavioural guidelines for public servants, as well as the infringements and the sanctions that can be applied. The code is quite broad and vague, and is currently in the process of being reformed. Also the perspective of the Disciplinary Code is naturally one of enforcement, and not one of managing public ethics to promote a culture of integrity in the public sector. Furthermore, contrary to some OECD countries that have developed supplementary codes for specific at-risk positions, including for instance audit, tax and customs, financial authorities or public procurement, Colombia does not have yet such specific norms of conduct for sensitive areas and positions.

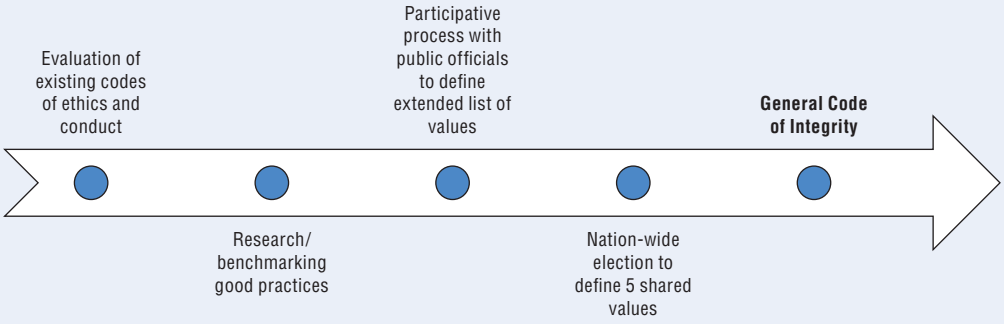
However, the current effort undertaken by the DAFP to develop an integrated integrity management framework and a General Integrity Code (*Codigo General de Integridad*) is commendable (Box 2.4). It sets out the premises to unify and strengthen the framework by clearly defining a set of public ethic values, the procedures for conflict-of-interest management, and guidance for resolving ethical dilemmas. Furthermore, additional codes will be elaborated to address high-risk areas such as contracting, procedures and services, human resources, internal control, finance, public managers.

Before the development of the General Integrity Code, most public entities had developed their own independent codes, setting internal guiding principles to promote, for example, openness, accountability, effective public management, public service vocation or citizen participation and the fight against corruption. This practice resulted in a highly fragmented landscape with more than 3 600 codes adopted by single public entities with limited impact on public officials' conduct and awareness of ethical values. The main rationale for developing these codes has been the requirement by the standard internal control model (*Modelo Estándar de Control Interno*, or MECI), which stipulates that each entity has to develop a code of ethics to strengthen the control environment. According to the MECI, this code should be based on a previous survey, the ethics diagnostic (*diagnóstico ético*). Beyond this requirement, the codes that are currently still in force are not guided by any overarching framework that would ensure coherence by setting general principles, ethical duties and definitions. Consequently, the existing codes are very different in content, scope and quality. Although individual codes contribute to addressing organisational

specificities and particular risks or sectors (see below), defining the overarching features of the integrity framework as it is currently being carried out through the development of the General Integrity Code will enable a uniform operating culture and the coherent implementation of integrity objectives. Furthermore, a fragmentation and lack of general principles and values, as has been the case in Colombia, has proved to make it difficult to ensure clarity and compliance amongst public officials.

Box 2.4. **Towards an integrated integrity management framework in Colombia**

In 2016, DAFP initiated the process to define a General Integrity Code which would form the basis for Colombia's integrated integrity management framework. As showed in the figure below, the process leading to such Code started with the analysis of existing codes, was followed by the mapping of good practices (including OECD's), and ended up in a participatory exercise involving public officials and leading to the selection of five values which would form the basis of the General Integrity Code.



Once the General Code of Integrity will be adopted, a number of additional steps are foreseen for the creation of an integrated management framework (so-called "phase-2"), namely:

- The possibility to integrate the General Code with two additional values and principles to create codes in each entity;
- The adoption of sector-specific codes in the following areas: contracting, procedures and services, human resources, internal control, financial areas, senior managers;
- A nation-wide campaign to improve awareness, ownership and capacity building.

While the General Code of Integrity is expected to be adopted in the second semester of 2017, phase-2 of the creation of an integrated management framework is planned to be completed by 2018, at least for those aspects that do not require legislative changes.

Source: Based on a DAFP presentation at Peru's Contraloria General de la Republica in Lima, 2 March 2017, and information provided by the DAFP.

Similarly, there is currently no single framework for the management of conflict-of-interest situations whose regulation is fragmented in various provisions and focuses on prohibitions and the punishment of conflict-of-interest situations (Table 2.1). There is currently a special conflict-of-interest regime for members of Congress (Article 182 of the Constitution and Law 5 of 1992), for city councillors (Law 136 of 1994), and for those responsible to evaluate the performance of public officials and members of the staff commission (Law-Decree 760 of 2005). Currently, the legal departments in the public

entities – namely, the DAFP, the Ministry of the Interior, and the Office of the Inspector General of Colombia (PGN) – can provide a legal clarification to petitions (*Derecho de petición*) and consultations of civil servants and individuals related to specific situations that may generate incapacity, incompatibility or conflict-of-interest. The DAFP also produces briefs that explain to public officials and citizens in a didactic way the behaviour that can produce legal inabilities (*inhabilidades*), incompatibilities (*incompatibilidades*) or conflict of interest. However, there are no standardised administrative guidelines to guide public officials of different levels of government in the process of reporting and managing conflict of interest (*Transparencia por Colombia*, 2014a), and such guidance is until now not included in the General Integrity Code.

Table 2.1. **Colombian legislation dealing with conflict-of-interest related issues**

Legal Provision	Description
Articles 122 and 126 of the Constitution	Public service obligation to disclose private interests when taking office and a few prohibitions to prevent COI
Articles 40 and others of Law 734/2002 (Single Disciplinary Code)	General definition of COI (Article 40) as well as the offences for COI-related breaches and the procedure to disclose a COI
Article 15 of Law 190/1995	Obligation to disclose of private interests for all public officials when taking office
Law 1474/2011	A few prohibitions on post-public employment
Law 1437/2011 (Administrative Procedure Code)	List of COI situations which give rise to administrative responsibility.

Source: OECD elaboration of Colombian legal instruments.

Therefore, in order to ensure consistency and coherence, the DAFP could take the opportunity related to the current development of a General Integrity Code to ensure that its integrated integrity management framework includes the following:

1. A number of common values and principles, as provided by the General Integrity Code;
2. A unique definition of a conflict-of-interest and guidance on how to identify and resolve them;
3. Guidance on ethical reasoning when faced with ethical dilemmas.

First of all, the commendable participative process of developing the General Integrity Code has led to the definition of a set of five values (honesty, respect, service attitude, commitment, justice) that are in line with those chosen as pillars of integrity systems in OECD countries. These are: rule of law, impartiality, transparency, faithfulness, honesty, service in the public interest, and efficiency (OECD, 2009b). In further pursuing the process of instilling a values-based culture of integrity, the DAFP could consider the work of the Council on Basic Values in Sweden, whose mission is to strengthen and improve the central government employees' knowledge and respect for the six common basic values applying to all state entities (Box 2.5). In addition, it could take into account the OECD experience which suggests that the framework should be clear, concise, and simple in order to support public employees in understanding the key principles and values by which they should abide (OECD, 2009a).

Second, the General Integrity Code, or a complementary guide, should also provide unambiguous guidance with respect to identifying and managing conflict-of-interest situations, which are perhaps the single most important integrity risk situation. In particular, it should be communicated clearly that conflict-of-interest situations can arise at any point and that they are not equivalent to corruption *per se*. It needs to be highlighted that having

a conflict-of-interest cannot always be avoided, but that the critical issue is what actions the public official takes to resolve the conflict. Interviews revealed that public servants in Colombia tend to have a quite narrow and legalistic understanding of conflict of interest and to confound a conflict of interest with the figure of trading in influence or, more generally, with corruption.

Box 2.5. **Common basic values for central government employees in Sweden**

The regulation of public agencies' activities in Sweden is based on the legal foundations that apply to all central government agencies. These are summarised in six principles, which together make up the common basic values of central government activities:

- Democracy – all public power proceeds from the people.
- Legality – public power is exercised in accordance with the law.
- Objectivity – everyone is equal before the law; objectivity and impartiality must be observed.
- Free formation of opinion – Swedish democracy is founded on the free formation of opinion.
- Respect for all people's equal value, freedom and dignity – public power is to be exercised with respect for the equal worth of all and for the freedom and dignity of the individual.
- Efficiency and service – efficiency and resource management must be combined with service and accessibility.

These principles, which are set out in the Swedish Constitution and acts of law, form a professional platform for central government employees. They are to guide employees in the performance of all your duties. A guide is also made available for those who are in charge of work with issues relating to basic values and the common basic values for central government employees in order to support the use of methods and to facilitate development processes and operational-level discussions in each authority.

Source: http://www.government.se/49b756/contentassets/7800b1f18910475d9d58dba870294a63/common-basic-values-for-central-government-employees--a-summary-s2014.021; http://www.vardegrundsdelegationen.se/media/A-guide-to-working-with-the-central-government%E2%80%99s-basic-values.pdf.

Therefore, Colombia could consider unifying the different laws, regulations, decrees and resolutions touching upon conflict of interest into one single coherent regulation or policy document which should include a brief and clear definition of conflict of interest (Box 2.6), and provide the bedrock to identify disclose, manage, and promote the appropriate resolution of conflict-of-interest situations. The legal foundation should be reflected in the General Integrity Code in simple non-legalistic language.

A useful starting point is Transparency International Colombia's Guide on conflict of interest (*Guía práctica para el trámite de conflictos de intereses en la gestión administrativa*) which contains explanations, questions and examples which could be taken in consideration (*Transparencia por Colombia*, 2014b). Similarly, the DAFP could take into account the exercise carried out by Mexico's Specialized Unit for Ethics and Prevention of Conflicts of Interest (UEEPCI), of the Ministry of Public Administration (SFP), which in March 2016 issued a document to guide public officials in identifying and preventing conducts that could constitute a conflict of interest for public officials (UEEPCI, 2016). The latter guide is based on international standards and good practices, is written in plain language and provides a list of high-risk processes.

Box 2.6. **Definitions of conflict of interest by the OECD, and in Portugal and Poland**

In its 2003 Guidelines for Managing Conflict of Interest in the Public Service, the **OECD** proposes the following definition: A 'conflict of interest' involves a conflict between the public duty and private interests of a public official, in which the public official has private-capacity interests which could improperly influence the performance of their official duties and responsibilities.

Portugal has established a brief and explanatory definition of conflict of interest in the law: conflict of interest is an opposition stemming from the discharge of duties where public and personal interests converge, involving financial or patrimonial interests of a direct or indirect nature.

Similarly, **central European** countries in transition have put an emphasis on providing public officials with a general legal definition applicable across the whole public service that addresses actual and perceived conflict of interest. For instance, the Code of Administration Procedure in **Poland** covers both forms of conflicts: a situation of actual conflict of interest arises when an administrative employee has a family or personal relationship with an applicant. A perceived conflict exists where doubts concerning the objectivity of the employee exist.

Source: OECD (2004), *Managing Conflict of Interest in the Public Service: OECD Guidelines and Country Experiences*, OECD Publishing, Paris. *http://dx.doi.org/10.1787/9789264104938-en*.

Third, the General Integrity Code, or a complementary guide, should also address the problem of ethical dilemmas in a generic way. Indeed, public officials may face ethical dilemmas due to the application of competing values and standards when carrying out their duties. While the ethical reasoning skills to solve such dilemmas cannot be provided by a code alone and requires the development of ethical capacities through training and practice, the acknowledgment that such ethical dilemma situations exist and some guidance on how to resolve them, as for example the REFLECT model used in Australia (Box 2.7), would be desirable.

In addition, ensuring clear guidance may also encompass taking into consideration the specific risks associated with the administrative functions and sectors that are most exposed to integrity violations. Most OECD countries have defined those areas that are most at risk and provide specific guidance to prevent and resolve conflict-of-interest situations. Indeed, some public officials operate in sensitive areas with a higher potential risk of conflict of interest, such as justice, tax and customs administrations and officials working at the political/administrative interface (Figure 2.1). In addition, there are further areas identified as being at risk of conflict of interest that could be considered: additional employment or contracts; "inside" information; gifts and other forms of benefits; family and community expectations; "outside" appointments; and activities after leaving public the organisation (OECD 2004). Also, bearing in mind the implementation of the Peace Agreement and the need to strengthen legitimacy of the State in Colombia (see chapter 1), the new integrity framework could define specific rules for public officials working in institutions at all levels which will be most involved during the process. For these at-risk positions and areas to be defined by Colombia, specific regulations and guidance could be helpful to prevent and resolve conflict-of-interest situations that complement the General Integrity Code.

Box 2.7. **Guiding public officials in facing ethical dilemmas in Australia**

The Australian Government developed and implemented strategies to enhance ethics and accountability in the Australian Public Service (APS). To support the implementation of ethics and integrity regime, the Australian Public Service Commission has enhanced its guidance on APS Values and Code of Conduct issues. This includes integrating ethics training into learning and development activities at all levels.

To help public servants in their decision-making process when facing ethical dilemmas, the Australian Public Service Commission developed a decision-making model. The model follows the acronym REFLECT:

1. **R**ecognise a potential issue or problem

   Public officials should ask themselves:

   a. Do I have a gut feeling that something is not right or that this is a risky situation?

   b. Is this a right vs right or a right vs wrong issue?

   c. Recognise the situation as one that involves tensions between APS Values or the APS and their personal values.

2. **F**ind relevant information

   a. What was the trigger and circumstances?

   b. Identify the relevant legislation, guidance, policies (APS-wide and agency-specific).

   c. Identify the rights and responsibilities of relevant stakeholders.

   d. Identify any precedent decisions.

3. Linger at the 'fork in the road'

   a. Talk it through, use intuition (emotional intelligence and rational processes), analysis, listen and reflect.

4. Evaluate the options

   a. Discard unrealistic options.

   b. Apply the accountability test – public scrutiny, independent review.

   c. Be able to explain your reasons/decision.

5. Come to a decision

   a. Come to a decision, act on it and make a record if necessary

6. Take time to reflect

   a. How did it turn out for all concerned?

   b. Learn from your decision.

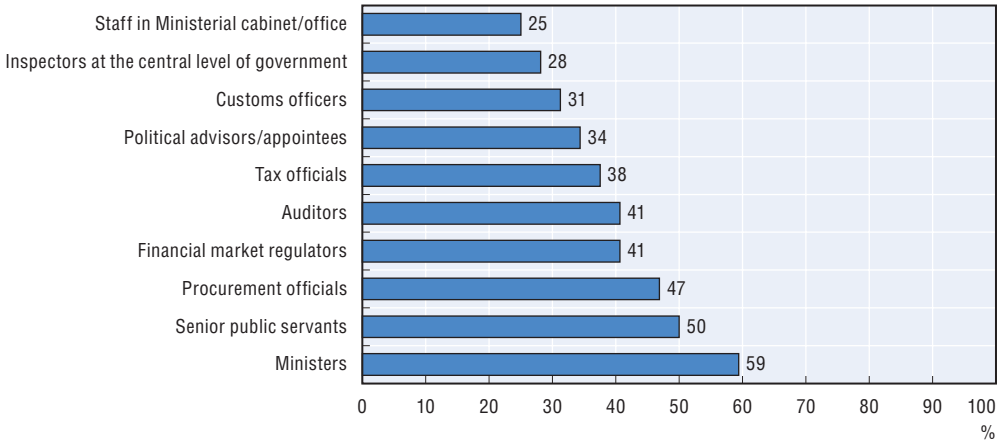
   If you had to do it all over again, would you do it differently?

Source: Office of the Merit Protection Commissioner (2009), "Ethical Decision Making", *http://www.apsc.gov.au/publications-and-media/current-publications/ethical-decision-making*

Finally, it is important that the integrity rules in Colombia apply to all public officials and employees, independent of their contractual status or whether national or sub-national level. All should receive the same level of basic guidance and training, while senior management and at-risk position may receive additional, tailored guidance (see sections below). Indeed, due to capacity issues at the National Civil Service Commission (*Comisión Nacional del Servicio Civil*, or CNSC) and the high costs for running a meritocratic competition for civil service position, there is currently in effect a two-tier employment system in Colombia's civil service, with significant numbers of casual staff. They can be hired on a discretionary basis

by managers outside of CNSC merit-based process, work alongside career civil servants, often carrying out the same public functions as civil servants and are often employed for considerable periods, but without the terms and conditions of employment of civil servants.

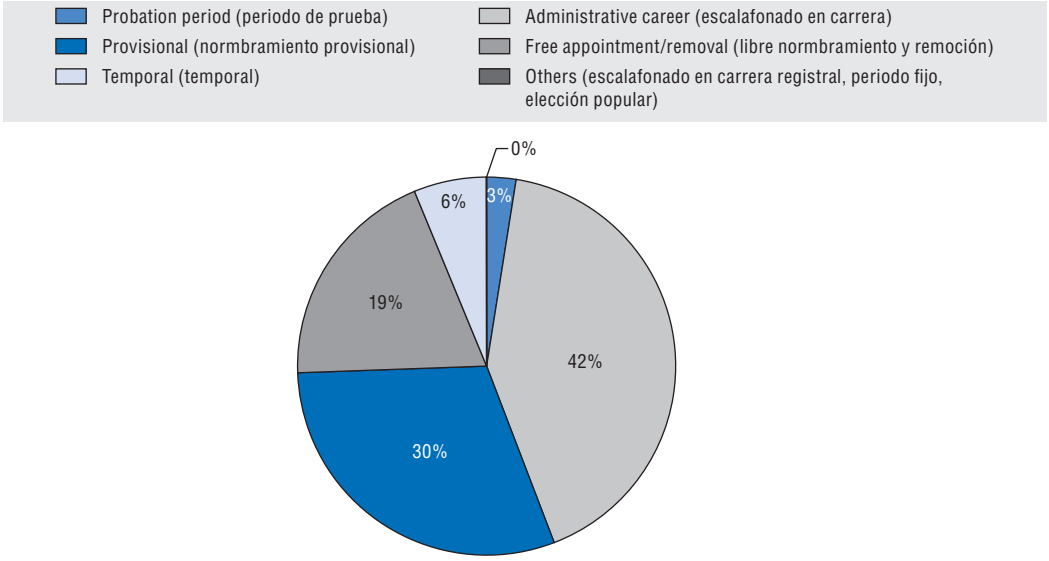
Figure 2.1. **Development of specific conflict-of-interest policy/rules for particular categories of public officials in the OECD countries**



Source: OECD Survey on Management of Conflict of Interest (2014).

At present, the total number of staff not part of the administrative career is estimated to be around 60% of the total staff. Such category includes provisional staff (*nombramiento provisional*), free appointment/removal staff (*libre nombramiento y remoción*), temporal staff (temporal), and staff in probation period (*periodo de prueba*) (Figure 2.2). Currently, these provisional employees are not eligible for training since they are meant to be hired for specific roles for which they already hold expertise. Given their insights and knowledge they are exposed to conflict-of-interest situations that could either arise during their contract with the ministry or after taking a post in the private sector (OECD, 2013a).

Figure 2.2. **Number of public officials by type of appointment in Colombia (in %)**



Source: System of Information and Management of Public Employment (*Sistema de Información y Gestión del Empleo Público*, or SIGEP) as of 31 December 2016.

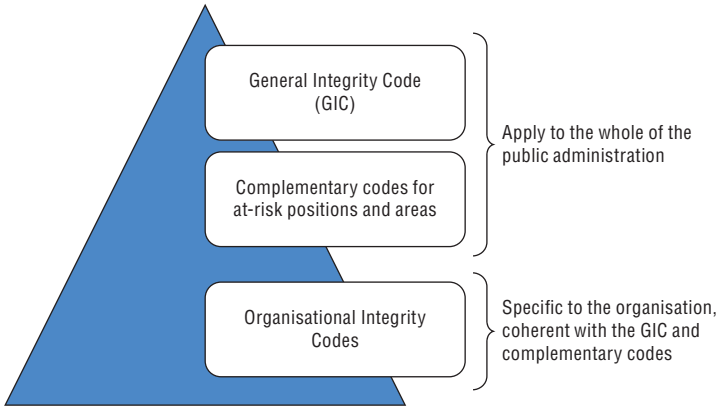
Colombia should therefore ensure that staff on temporary contract is made aware of the public ethics and conflict-of-interest regulations. They should receive the same public ethics and conflict-of-interest induction training, be obliged to declare any conflict-of-interest situation. In addition, it could be considered to make it obligatory to inform HR of future employment plans in the view to avoid conflict of interest.

The current development of an integrity management framework has opened the opportunity to revise existing codes at organisational level in a participative way, and to ensure a more effective implementation of these Organisational Integrity Codes aimed at changing behaviours

The ongoing elaboration of an overarching integrated public integrity management framework, and the implementation of the Integrity Contact Points recommended above, open the opportunity for revising the already existing organisational codes. This will not only ensure their alignment with the guiding principles set by the future General Integrity Code and complementary codes for at risk-areas, but also apply a sound methodology for reviewing them with a view to trigger a cultural change in the public entities. The process envisaged for the revision of the existing entities' codes, which includes the integration of the General Integrity Code with specific values and principles, would allow strengthening codes that are currently not up to the standards or that have been elaborated in the past more to comply with the internal control provisions than with the view to promote a culture of integrity. At the same time, codes that are already considered as good practices in the Colombian administration can be used as examples and can see the review process as an opportunity for further improvement and effective implementation.

As a result, the Colombian Integrity code infrastructure could be structured around three levels of codes which should be coherent with each other (Figure 2.3): The General Integrity Code complemented by codes or guides for at-risk positions that apply to all entities of the public administration on the one hand; and on the other hand, Organisational Codes of Integrity that should be based on the General Integrity Code, while allowing to tailor them to the specific needs and challenges of the organisation. This tailoring should go beyond the additional two values that are currently planned, and allow for more flexibility in building on the five basic values provided in the General Integrity Code.

Figure 2.3. **Three levels of codes for the Colombian public administration**



Indeed, just as different organisations are facing different contexts and nature of work, they may also be faced with distinctive ethical dilemmas and specific conflict-of-interest situations. For instance, the challenges might differ significantly between the Ministry of Health, the Ministry of Defence, and the different supervisory and regulatory bodies. In particular, the OECD experience on conflict-of-interest management shows that public officials should be provided with real-world examples and discussions on how specific conflict situations have been handled. Organisational Integrity Codes provide an excellent opportunity to include relevant and concrete examples from the organisation's day-to-day business, to which the employees can easily relate.

Beyond the content of the Organisational Integrity Codes, the process matters as well. Similar to the participatory process followed to define the shared values at the basis of the General Integrity Code, the review of the organisational codes should build consensus and ownership, and provide relevant and clear guidance to all public servants. Indeed, stimulating a participative, bottom-up process of elaborating organisational codes according to clear methodological guidance can mitigate the risk of codes becoming a "check-the-box" exercise aimed at complying with the task, as has been observed in many public entities in the past, and not only in Colombia. Rather, a consultative approach complemented by a prior analysis of organisations' particular integrity risks and potential ethical dilemmas aims at promoting discussions amongst the employees and building consensus about the shared values and principles of behaviour. Involving staff members from all levels in the process of developing the code, e.g. through focus group discussions, surveys or interviews, would not only ensure its relevance and effectiveness, but it would also increase staff-members' feelings of ownership and increase the probability of compliance with the code.

In addition, the experience of OECD countries demonstrates that consulting or actively involving external stakeholders, such as providers or users of the public services delivered by the entity, in drafting a code helps build a common understanding of public service values and expected standards of public employee conduct. External stakeholder involvement could thereby improve the quality of the code so that it meets both public employees' and citizens' expectations, and communicate the values of the public organisation to its stakeholders. By including the clients, the public entity would also be able to demonstrate its commitment to greater transparency and accountability, thereby contributing to building public trust.

Therefore, the DAFP could consider updating the requirements linked to the development of codes of ethics in the internal control framework, MECI, and stipulate in its integrity management framework that organisations have to develop their own Organisational Integrity Codes based on the General Integrity Code and complementary at-risk codes, and that these should be developed according to a specific methodology. DAFP should also provide clear methodological guidance to assist the Integrity Contact Points in steering the participative development of their codes while ensuring that they align with the overarching principles. Such methodological guidance should reduce as much as possible the scope for developing the code as a "check-the-box" exercise, and include details on how to manage the construction, communication, implementation, and periodic revision of the codes in a participative way. Ideally, a written guide on the process should be complemented with trainings and ad hoc advice to public entities provided by staff from the DAFP during the process. Colombia needs to ensure that the DAFP counts with the required resources to fulfil this task.

Again, in the short term, the revision of the organisational codes should be piloted in a given sector first, ideally in the same sector where the dedicated Integrity Contact Points recommended above are piloted, so that these units can lead the process, supported by the DAFP.

In this context, Colombia can benefit from the experience of countries which have already elaborated codes in a similar way. In Brazil, for instance, the consultation process undertaken for the Comptroller General of the Union's code of conduct raised interesting issues that also served as input for the government-wide integrity framework (Box 2.8).

Box 2.8. **Consultation for an organisation-specific code of conduct in Brazil**

The Professional Code of Conduct for Public Servants of the Office of the Comptroller General of the Union was developed with input from public officials from Office of the Comptroller General of the Union during a consultation period of one calendar month, between 1st and 30 June 2009. Following inclusion of the recommendations, the Office of the Comptroller General of the Union Ethics Committee issued the code.

In developing the code, a number of recurring comments were submitted. They included:

i. the need to clarify the concepts of moral and ethical values, as it was felt that the related concepts were too broad in definition and required greater clarification;
ii. the need for a sample list of conflict-of-interest situations to support public officials in their work; and
iii. the need to clarify provisions barring officials from administering seminars, courses, and other activities, whether remunerated or not, without the authorisation of the competent official.

A number of concerns were also raised concerning procedures for reporting suspected misconduct and the involvement of officials from Office of the Comptroller General of the Union in external activities. Some Office officials inquired whether reports of misconduct could be filed without identifying other officials and whether the reporting official's identity would be protected. Concern was also raised over the provision requiring all officials from the Office of the Comptroller General of the Union to be accompanied by another Office of the Comptroller General of the Union official when attending professional gatherings, meetings or events held by individuals, organisations or associations with an interest in the progress and results of the work of the Office of the Comptroller General of the Union. This concern derived from the difficulty in complying with the requirement, given the time constraints on officials from the Office of the Comptroller General of the Union and the significant demands of their jobs.

Source: OECD (2012), *Integrity Review of Brazil: Managing Risks for a Cleaner Public Service*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264119321-en*.

The revision of existing codes could be also complemented by additional measures to implement them in a more effective way based on insights from research in behavioural sciences. For this purpose, "moral reminders" could be built into key decision-making processes, ideally identified during risk assessments (see chapter 3). Research shows that such small reminders concerning the correct behaviour do have a measurable impact on the probability to cheat (Ariely, 2012, Box 2.9 and 2.10). A concrete policy measure that could be derived from this experimental evidence could be to include, for example, a line to be signed by a procurement official or human resource manager just before taking a crucial decision

with managing a procurement contract or a hiring process. The line could read "I will take the following decision according to the highest professional and ethical standards". By signing, the official implicitly links his name to an ethical conduct.

Box 2.9. **Ethical reminders**

Behavioural research shows that more ethical choices can be triggered by reminding people of moral norms. This can be an inconspicuous message, such as "thank you for your honesty". Contextual clues in the immediate situation function as reference to an underlying norm (cf. Mazar & Ariely, 2006). Such moral appeal has in some cases shown to be even more effective than a reminder of the threat imposed by a punishment. In field experiments subjects paid a higher price for a newspaper (Pruckner & Sausgruber, 20213) and were more likely to pay back a debt (Bursztyn et al., 2016) when exposed to a moral reminder.

These findings are in line with the understanding, that most people view themselves as moral individuals (Aquino & Reed, 2002). When reminded of moral standards, actions are adjusted accordingly to reduce the dissonance between self-concept and behaviour. Many small acts of cheating are in fact also acts of self-cheating. The cost of this can be increased not through an increase in external punishment, but by increasing the salience of intrinsic morality.

Source: Aquino and Reed (2002); Bursztyn et al (2016); Mazar, Amir, and Ariely (2008); Pruckner and Sausgruber (2013).

Box 2.10. **How to measure cheating**

There are possibilities to measure cheating through experimental designs (e.g. Ariely, 2012, or Fischbacher and Föllmi-Heusi, 2012). Before implementing or reforming innovative integrity policies aimed at reducing dishonest behaviour, a country could apply such experimental designs to measure the "cheating baseline" in an organisation or group.

On the one hand, the experiments could inform the country if there are areas where cheating is more common than in others, and consequently focus policies on these areas. On the other hand, the baseline would allow the country to have a concrete indicator to measure whether the piloted policies had the desired impact before considering an up-scaling.

Source: Ariely (2012); Fischbacher and Föllmi-Heusi (2012).

Developing capacities and raising awareness for integrity

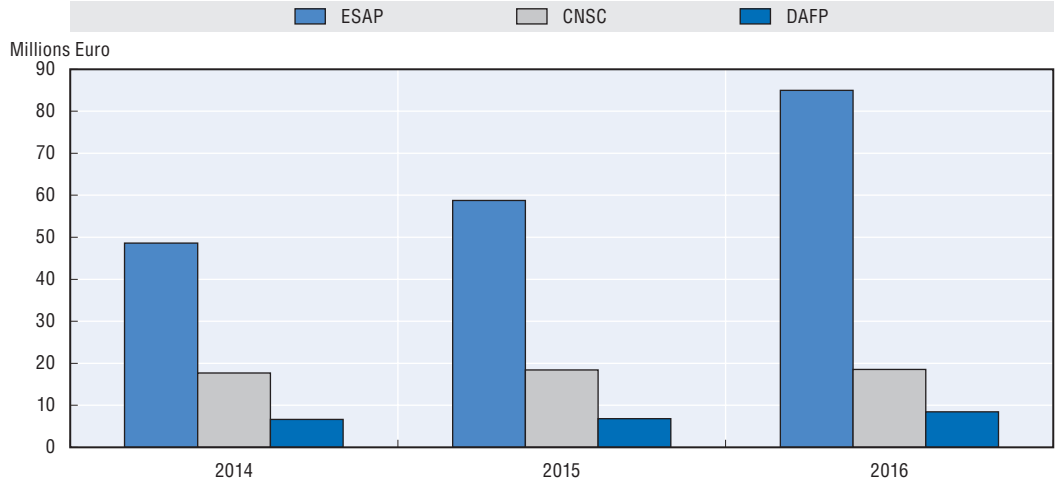
To enhance the academic independence of the National School of the Public Administration (ESAP), the appointment procedure of its Director could be reviewed and associated with a system of checks and balances

The Higher School of Public Administration (*Escuela Superior de Administración Pública*, or ESAP) is an academic institution attached to the DAFP in charge of fulfilling the education and training requirements of public servants as well as advising the administration on public affairs and management issues. Pursuant to Decree 2083 of 1994, it is given judicial, administrative, and financial independence in line with the State's regulation on higher education. As for its administration, the ESAP is managed by the National Directive Council (*Consejo Directivo Nacional*), the National Academic Council (*Consejo Académico Nacional*), and the National Director (*Director Nacional*), who is in charge of the most strategic issues such

as the presentation and implementation of the ESAP's Development Plan, presenting the school budget as well as nominating staff and chairing the National Academic Council.

Although the composition of the National Directive Council reflects a certain degree of diversity, including representatives from regions, municipalities, teachers and students, the law does not establish any specific qualification for the National Director, who is discretionally appointed (and can be equally removed) by the President of the Republic. Even though there should be some degree of responsive to governmental priorities (OECD, 2017b) as well as alignment between the development of policies from the executive and the work of ESAP on ethics and integrity (see recommendation below), the mission of the National Director should be primarily to ensure that the considerable amount of resources managed (Figure 2.4) is used to reach the highest academic standard of the ESAP's research and training activities beyond political contingencies.

Figure 2.4. **ESAP's total budget vis-à-vis DAFP and CNCS (2014–2016)**



Source: OECD elaboration with data provided by DAFP.

In order to mitigate the risks involved in such a dependency from political power, the rules of the ESAP's governance could be reviewed to ensure appropriate checks and balances as well as the independence and professional qualification of its director. For this purpose, Colombia could consider the arrangements of the French National School for Public Administration (*École National d'Administration*, or ENA), and the Italian National School of Public Administration (*Scuola Nazionale dell'Amministrazione*, or SNA), whose heads have to fulfil certain professional criteria and who are also subject to oversight mechanisms by other independent organs (Box 2.11). This way, Colombia would also align closer to OECD practice in this context. An OECD Survey suggests that a governance model based on institutional autonomy may be ideal for schools of government modelled on higher education institutions, as it is the case for the ESAP (OECD, 2017b).

In order to reach national and international standards of academic excellence, the ESAP should introduce mechanisms to establish a transparent and competitive hiring process for its staff

The excellence of an academic institution does not only depend on its governance, but also on the capacity to attract the most talented teachers and researchers through open competitions and a meritocratic hiring and professional development process. Within the

ESAP there seems to be room for improvement in this context. Journalistic investigations report that an audit from the Comptroller General (*Contraloría General de la República*, or CGR) found "lack of controls in contracted teaching hours, unexplained links among teachers and excessive payments" (*http://www.lanacion.com.co/index.php/noticias-regional/neiva/item/220918-la-esap-desorganizacion-y-derroche-de-dinero*). Also, publicly-available data on the hiring process of ESAP's professors seems not be fully up-to date and does not allow to clearly identify on-going competitions for positions (*http://www.esap.edu.co/portal/index.php/convocatorias/*).

Box 2.11. **Governance models for National Schools of Public Administration: France and Italy**

The National School for Public Administration (*Ecole National d'Administration*, or ENA) is an administrative body attached to the Department of the Prime Minister through the General Directorate of the Public Service. Its governance includes a governing body (*Conseil d' Administration*) which is chaired by the Vice President of the Council of State and is supported by an orientation committee (*Conseil d'orientation*) for curricular affairs. The director of ENA is nominated with a Decree for a 5-year period renewable for one time and can be removed under the conditions established by Law 84-16 of 1984. As for his or her functions, the director is in charge of executing the decisions taken by the governing body, is assisted by an administrative staff and supervised by a secretary general.

The Italian National School of Public Administration (*Scuola Nazionale dell'Amministrazione*, or SNA) is a high-level training and research institution belonging and under the oversight of the Presidency of the Council of Ministers, which has the main objective of carrying out post-graduate training for public officials supported by analysis and research activities. SNA's President is appointed with decree by the President of the Council of Ministers upon proposal of the Ministry of Public Function among judges, professors and senior managers with proved experience and qualification. He/she is supported by a consultative scientific committee (*Comitato scientifico consultivo*) and reports to a management committee (*Comitato di gestione*), which is composed by representatives from various ministries and approves the School's programme and budget.

Source: George Vernardakis (2013), "The National School of Administration in France and Its Impact on Public Policy Making", *Croatian & Comparative Public* Administration 13(1); Decree 49 of 2002 (France) (*https://www.legifrance.gouv.fr/eli/decret/2002/1/10/2002-49/jo/texte*); Legislative Decree 178 of 2009 (Italy).

The opacity of the hiring mechanisms does not benefit from the centralisation of the hiring decision within the director of ESAP, who is highly dependent of politics and therefore could be subject to contingent clientelistic dynamics. The latter challenge seems to be reflected in the high rate of contractors (Table 2.2), which also represents an obstacle to build continuity in the work of the institution and eventually may affect the quality of its research and activities.

Table 2.2. **The staff of the ESAP (2015)**

	Administrative staff	Teaching staff	Temporary staff	Permanent staff	Contractors	Value of contracts	Total staff
ESAP	373	34	N/A	23,6	1266	20,3*	1673

Note: Thousand millions of Colombian Pesos (COP).
Source: Presentation from DAFP provided to OECD

To reach the highest standards of academic excellence and minimise the aforementioned risks, the ESAP should therefore introduce mechanisms to promote a merit-based, transparent professional hiring process in line with the principles of the 2017 OECD Recommendation on Public Integrity. This recommendation stresses the importance of supporting "the professionalism of the public service, prevents favouritism and nepotism, protects against undue political interference and mitigates risks for abuse of position and misconduct" (OECD, 2017a).

DAFP and ESAP need to improve co-ordination to ensure consistency between policy and training and to develop general induction trainings on integrity for all public officials, as well as specialised modules for senior managers and public officials working in specific at-risk positions

A code cannot alone guarantee ethical behaviour. Designing a code in a participative way, as recommended above, is only one part of the overall organisational strategy for determining the behaviour expected of public officials and employees in the workplace. To be effectively implemented, the code must be part of a wider organisational strategy, and, since the staff may change over time, the institution in question must be committed to continuously train and educate employees on applying public ethics and identifying and reacting to conflict-of-interest situations. Training, raising awareness, and disseminating the core values and standards are key elements of sound integrity management.

In Colombia, according to Decree Law 1567 of 1998, Law 909 of 2004 and Decree 1083 of 2015, the DAFP is responsible for formulating, updating and co-ordinating the National Training Plan, and the ESAP is responsible for implementing the policy and developing tools and courses. However, training activities and objectives currently seem to be almost exclusively related to the development of skills needed for the job (*desarrollo de competencias*) without any reference to principles and integrity standards. For instance, one can consider the 2016 Institutional Training Plan, whose objective is to contribute to the institutional improvement by strengthening the labour competencies, knowledge, and training abilities and by promoting the comprehensive development of officials.

Therefore, the DAFP, in close co-ordination with the ESAP, should develop a specific capacity-building strategy for public officials aimed at building capacities on integrity. This should include a general introduction within the induction training followed up by regular update-training as well as more specific trainings tailored to staff of the Integrity Contact Points recommended above, and to needs and risk-areas.

First, all new employees, independent of their contractual status, should receive an induction training which represents a perfect opportunity to set the tone with respect to integrity from the beginning of the working relationship, explaining the principles and values, and the rules related to public ethics and conflicts of interest. The most basic and generic parts of such a training could be implemented through e-learning modules, but it could be considered to prepare organisation-specific induction courses, for instance in relationship with the organisational codes that have to be developed based on the common framework as recommended above (Box 2.12). Regular update training should also be provided to increase the effectiveness of integrity training and present the new elements of the normative framework. Integrity discussions could also be institutionalised in daily communication, e.g. by regularly discussing an ethical dilemma in staff meetings while using the techniques learned in previous trainings. Considering that, according to Article 8 of Decree 1567 of

1998, the basic curriculum for induction training is designed by the ESAP, in line with the policy elaborated by the DAFP; close co-ordination should be ensured between the policy elaboration by the latter and the training functions of the former.

Box 2.12. **Integrity Induction Trainings for Public Servants in Canada**

In the Government of Canada, integrity training for public sector employees is conducted at the Canada School of Public Service. The Treasury Board Secretariat works closely with the School to develop training for employees on the subject of values and ethics. The School recently updated the orientation course for public servants on values and ethics, which is part of a mandatory curriculum for new employees. In addition, federal departments use the course as a refresher for existing employees to ensure they understand their responsibilities under the Values and Ethics Code for the Public Sector. In order to ensure accessibility for all public servants, the course is available online.

The course focuses on familiarising public servants with the relevant acts and policies, such as the Values and Ethics Code for the Public Sector, the Public Servants Disclosure Protection Act and the Policy on Conflict of Interest and Post-Employment. Additionally, modules on ethical dilemmas, workplace wellbeing and harassment prevention are included in the training. Through the five different modules, public servants not only increase their awareness of the relevant policy and legislative frameworks, but also develop the skills to apply this knowledge as a foundation to their everyday duties and activities.

The training course includes a dedicated module on the Values and Ethics Code for the Public Sector. The module highlights the importance of understanding the core values of the federal public sector as a framework for effective decision making, legitimate governance as well as for preserving public confidence in the integrity of the public sector. The module contains a section on duties and obligations, where the responsibilities for employees, managers/supervisors, and deputy heads/chief executives are provided in detail. This section also discusses the Duty of Loyalty to the Government of Canada, stating that there should be a balance between freedom of expression and objectiveness in fulfilling responsibilities, illustrated with an example from social media. At the end of the module there are two questions posed to ensure participants have understood the purpose of the Values and Ethics Code for the Public Sector and the foundation for fulfilling one's responsibilities in the public sector.

An innovative component of the integrity-training course is the module on ethical dilemmas. The purpose of the module is to ensure familiarity with the Values and Ethics Code for the Public Sector, and it includes a range of tools to cultivate ethical decision making amongst public servants. The module also informs public servants of the five core values for the Canadian public service—respect for democracy, respect for people, integrity, stewardship and excellence—prompting them to think about how to apply these values in their everyday role. Key risk areas for unethical conduct, such as bribery, improper use of government property, conflict of interest and mismanagement of public funds are identified, with descriptions that put the risks into practical, easy to understand language. By posing three different scenario questions and asking participants to select competing public sector values, the module also encourages public servants to think about how conflicts between these values may be resolved.

Source: Treasury Board Secretariat, Canada

Second, Colombia could consider developing specialised training modules on integrity for the staff of the Integrity Contact Points and for senior managers. Both can be considered as internal vectors in the organisations that should lead by example and develop in-depth capacities on how to provide guidance on integrity issues. The High Government School

(*Escuela de Alto Gobierno*), which is part of ESAP and organises training for senior officials (*alta gerencia*), including elected mayors and governors, pursuant to Article 30 of Law 489 of 1998, does not currently offer any training on integrity or ethical topics, and could therefore develop such a module or course. This in-depth capacity building should be mandatory for the Integrity Contact Points, and voluntary for senior managers, although Colombia could think of linking the participation to positive incentives in line with relevant regulation.

At the same time, efforts could be taken to organise ad hoc training to public officials working in at-risk positions, such as public procurement officials, auditors, customs officials, as well as specific modules aimed at recognising and managing conflict of interest and resolving ethical dilemma (see Box 2.13). Lastly, Colombia could organise context-specific training by introducing examples and cases related to the sector and the specific challenges and risk faced by the entity.

Box 2.13. **Dilemma training in the Flemish Government (Belgium)**

In the Dilemma training, offered by the Agency for Government Employees, public officials are given practical situations in which they face an ethical choice and it is not clear how to best resolve the situation with integrity. The facilitator encourages discussion between the participants about how the situation could be resolved to explore the different choices. As such, it is the debate and not the solution which is most important, as this will help the participants to identify different values might oppose each other.

In the majority of trainings, the facilitator uses a card system. He explains the rules and participants receive four 'option cards' with the number 1, 2, 3 or 4. The 'dilemma cards' are placed on the table The 'dilemma cards' describe the situation and give four options on how to resolve the dilemma, are placed on the table. In each round, one of the participants reads out the dilemma and options. Each participant indicates their choices with the 'option cards' and explains their motivation behind the choice. Following this, participants discuss the different choices. The facilitator remains neutral, encourages the debate and suggests alternative options how to look at the dilemma (e.g. sequence of events, boundaries for unacceptable behaviour).

One example of a dilemma situation that could arise would be: I am a policy officer. The minister needs a briefing within the next hour. I have been working on this matter for the last two weeks and should have already been finished. However, the information is not complete. I am still waiting for a contribution from another department to verify the data. My boss asks me to submit the briefing urgently as the chief of cabinet has already called. What am I doing?

1. I send the briefing and do not mention the missing information.
2. I send the briefing, but mention that no decisions should be made based on it.
3. I do not send the briefing. If anyone asks about it, I will blame the other department.
4. I do not send the information and come up with a pretext and the promise that I will send the briefing tomorrow.

Other dilemma situations could cover the themes of conflicts of interest, ethics, loyalty, leadership etc. The trainings and situations used can be targeted to specific groups or entities. For example: You are working in Internal Control and are asked to be a guest lecturer in a training programme organised by the employers of a sector that is within your realm of responsibility. You will be well paid, make some meaningful contacts and learn from the experience.

Source: https://overheid.vlaanderen.be/omgaan-met-integriteitsdilemmas (in Dutch)

Regular awareness raising activities should be organised to communicate ethical duties and values internally within the organisation as well as externally to the whole of society

Although Integrity Codes are themselves tools adopted to raise awareness of common values and standards of behaviour in the civil service, the vast majority of OECD member countries employ additional measures to communicate core values for public servants. Especially with respect to awareness-raising measures for conflict-of-interest management, OECD countries generally use complementary awareness-raising measures in order to ensure a comprehensive effort in this regard (Table 2.3).

Table 2.3. **Awareness raising activities for managing conflict interest**

	Initial dissemination of rules/guidelines to public officials upon taking office	Proactive updates regarding changes to conflict of interest rules/ guidelines	Publish the conflict of interest policy online or on the intranet of the organization	Give regular reminders of what a conflict of interest is, and the responsibility of public officials to resolve these	Provide training	Provide regular guidance and assistance	Advise line or help desk where officials can receive guidance on filing requirements or conflict of interest identification or management
Australia	●	●	●	●	●	●	●
Austria	●	●	❍	●	●	●	❍
Belgium	●	❍	●	●	●	●	●
Canada	●	●	●	●	●	●	●
Chile	●	❍	●	❍	●	●	❍
Czech Republic	❍	❍	❍	❍	❍	❍	❍
Estonia	❍	●	●	❍	●	●	●
Finland	●	❍	●	❍	●	❍	❍
France	❍	❍	❍	●	●	❍	●
Germany	●	●	●	●	●	●	●
Greece	●	●	●	❍	❍	❍	❍
Hungary	●	●	❍	❍	❍	❍	●
Iceland	●	●	●	●	●	●	❍
Ireland	●	●	●	❍	❍	❍	●
Israel	●	❍	❍	❍	❍	●	❍
Italy	❍	❍	●	●	❍	●	❍
Japan	●	●	●	❍	●	❍	❍
Korea	●	❍	●	●	●	●	●
Mexico	●	●	❍	❍	❍	❍	❍
Netherlands	●	●	●	●	●	●	●
New Zealand	●	●	●	●	●	●	●
Norway	●	●	●	❍	●	●	●
Poland	●	❍	●	❍	❍	●	❍
Portugal	●	❍	❍	●	●	❍	❍
Slovak Republic	❍	❍	❍	❍	❍	❍	❍
Slovenia	●	❍	❍	❍	●	●	●
Spain	●	●	●	●	●	●	●
Sweden	●	●	●	●	●	❍	❍
Switzerland	●	●	●	●	●	●	●
Turkey	●	❍	❍	❍	●	❍	❍
United Kingdom	●	●	●	●	●	●	●
United States	●	●	●	●	●	●	●
Yes ●	27	19	22	17	23	20	17
No ❍	5	13	11	15	9	12	15

Source: OECD Survey on Management of Conflict of Interest (2014).

However, there is little evidence that Colombia currently conducts regular communication activities to promote a culture of integrity and raise awareness for the importance of abiding by public service values and ethics, and managing conflict-of-interest situations. For instance,

according to the 2013–2014 Transparency Index of Transparency International's Colombian Chapter (*Transparencia por Colombia*), only 50% of departmental entities publicise their code of conduct or ethics on their website.

As a consequence, Colombia should take initiatives to promote ethical duties and values internally within the organisation as well as externally to society, e.g. the private sector, civil society and citizens as users of public services. This would not only allow communicating these actors the benefits of public integrity, but it would also contribute to reduce tolerance of violations of public integrity standards and to improve the effective delivery of public services through the territory.

The Transparency Secretary has taken important initiatives to create awareness within society, including the Transparency Pacts with private sector organisations, the project Firms Active in Anti-corruption Compliance (*Empresas Activas en Cumplimiento Anticorrupción*), and the Methodological Paths of a Culture of Transparency, Integrity, and the Public Good (*Rutas Metodológicas de Cultura de la Transparencia, Integridad y Sentido de lo Público*). However, these efforts could be organised in a consistent and coherent manner. Furthermore, they may target specific categories of external stakeholders, especially in the field of public procurement.

Although institutional competences are not clear cut in this context, the Transparency Secretary could take the lead and co-ordinate actions considering its experience and mandate which is, pursuant to Decrees no. 4637 of 2011 no. 1649 of 2014, to define and promote strategic actions between the public and private sector to fight corruption, as well as to elaborate strategies to promote the culture of legality.

At the same time, communication and awareness raising to public servants should be led by the Integrity Contact Points, and the DAFP. For instance, the DAFP could explore whether a section dedicated to integrity could be opened in the Virtual Advice Space (*Espacio Virtual de Asesoría*, or EVA), which is a good practice of the DAFP to facilitate on-line guidance to public servants (Box 2.14). Also, the DAFP should ensure that the Organisational Integrity Codes are included in the minimum information which each entity has to publish pursuant to Article 9 of Law 1712 of 2014.

Box 2.14. **Assisting citizens and public officials through the EVA on-line platform**

EVA (Virtual Advice Space, *Espacio Virtual de Asesoría*) is an online platform operating since December 2015 through which Colombian citizens as well as public servants and entities can access complete and up-to-date information on public administration (e.g. regulation, jurisprudence and publications), receive comprehensive advice from experts through a virtual chat, and take part in online training courses.

The objectives of EVA are:

- Promoting access to information.
- Promoting the use of virtual interaction tools that facilitates communication between the institutions, public servants and citizens.
- Providing guidance and advice in real time.
- Promoting compliance with normativity about transparency and access to public information.
- Providing opportunities for participation and interaction among public servants, institutions and citizens.

Box 2.14. **Assisting citizens and public officials through the EVA on-line platform** *(cont.)*

Since August 2016, EVA's website also created a networking section where public officials can publish articles, create events, exchange messages and opinions, download newsletters and communicate with their colleagues from other entities (*Red de los servidores públicos*). Next to the latter section, EVA's website includes the following sections:

- Regulatory Manager: to date, it includes around 20 000 documents related to Public Service, including standards, jurisprudence of the Council of State, Constitutional Court and Supreme Court, concepts issued by Civil Service, Codes and Statutes.
- Public Service indicators at national and regional level on issues of: Public Employment, Public Management, Transparency, Institutional Strengthening and Democratisation.
- General Chat to provide specialised real-time advice by the organisation's lawyers on public administration issues.
- Virtual Training tutorials, presentations, video conferences and national and international training opportunities.
- Virtual Library with over 100 publications related to participation, transparency and Citizen Service, Institutional Performance, Peace, Cultural Change, Labor Regime, Talent, Accountability, Public Employment Anti-Corruption Plan, Statement of Assets and Income, among others issues.

Source: Based on information provided by DAFP and EVA's website: *www.funcionpublica.gov.co/eva*.

Anchoring integrity in Human Resource Management

Human Resource Management (HRM) policies are both part of the problem and solution towards promoting integrity in the public administration

Instilling a culture of integrity will not only depend on core integrity measures as discussed in the previous sections, but also on complementary measures. Complementary instruments and processes are an essential part of the integrity system, but do not have integrity as their primary goal. It is the combination of core and complementary measures that will have a significant effect on strengthening integrity within the organisation. Human Resource Management (HRM), in particular, plays an important role since it is the employees that ultimately shape and create an open organisational culture which encourages ethical behaviour and open discussion to resolve ethical problems encountered.

Factors such as: a high-level of politicisation leading to loyalty not to the public but to the party or "patron" in power; a low culture of performance orientation; weak incentives; low levels of contract security; lack of training and professionalism; a high staff turnover; and lack of guidance and ethical leadership can lead to corrupt practices and low levels of integrity. Moreover, as mentioned previously, when staff rotation is high there may be less importance placed on the implementation of a strong ethics culture in the workplace, as employees are not employed long enough to feel engaged with public integrity values and apply these measures in practice (OECD, 2009a).

Therefore, Human Resource Management (HRM) policies are both part of the problem and the solution towards promoting integrity in the public administration. HRM is the main point of contact for all staff within an organisation and as such have unique access to staff throughout their career, from induction training to exit interviews. HRM can support the integration of ethics into processes such as the organisation's vision and mission,

recruitment, induction, appraisal, retention, motivation, reward, diversity, coaching and training. In addition, staff surveys, appraisals and exit interviews can all provide valuable information on whether the company's ethical values are embedded, as well as providing ways to evaluate how the ethics programme is working and whether the organisation is living up to its values in practices.

It is useful to distinguish between measures to ensure integrity of HR processes themselves, or "integrity in HRM", and measures to mainstream integrity in HR processes, or "integrity through HRM". Indeed, on the one hand, countries should ensure the fairness of their existing personnel management by the consistent application of principles such as merit and transparency to prevent favouritism, nepotism, undue political influence and the risk of abuse of position and misconduct (OECD, 2017a). On the other hand, integrity can be integrated into personnel management processes (Table 2.4).

Table 2.4. **Mainstreaming integrity throughout HRM practices**

HRM practices	Mainstreaming integrity
Human resources planning	Assessing integrity risks of different positions and planning accordingly
Entry	Background checks, ethical tests, managing potential conflicts of interest arising from previous employments (revolving doors); developing job descriptions with ethical considerations in mind
Professional development, training and capabilities certification	Tailored trainings on integrity policies
Performance evaluation	For managers: assessing their management of employees' conflict of interest or ethical dilemmas; For employees: assessing adherence and compliance with integrity policies
Severance	Monitoring potential conflict of interest arising from nature of next employment (i.e. revolving doors)

Source: OECD

Perceived organisational fairness is crucial for establishing an organisational culture of integrity; as such, Colombia should ensure the fairness and integrity of its human resource management policies by improving its merit-based recruitment procedures at all levels

Perceived fairness is a crucial factor impacting the integrity system in an organisation. Empirical research has shown that organisations in which employees feel treated fairly, report less unethical misconduct and employees are more aware of ethical issues, more inclined to ask for advice on ethics and more confident to report unethical behaviour. If integrity measures are not integrated, so that some employees are not held to the same standards as others, a perception of unfairness and of double standard can develop (Weaver et al., 2001).

The fairness of the recruitment process can influence an employee's impression of the integrity standard within an organisation. If the recruitment process is perceived to be unfair, candidates may conclude that the organisation does not live by its pronouncements of integrity. The perception of fairness in recruitment can be negatively affected by favouritism or nepotism in recruitment. It can lower ethical standards among employees, as it can send a message that the principle of meritocracy is not upheld. Employees can become demoralised and lose confidence in the organisation's statement of integrity Furthermore, it can lower the quality and efficiency of the public service by giving responsibilities to unqualified candidates (Mulcahy, 2015).

The OECD Public Governance Review of Colombia has made a series of recommendations that could be helpful in ensuring integrity and fairness of the HRM processes in the country. In particular, the following recommendations are of interest from an integrity perspective:

- To avoid fragmentation and subsequent overlaps, the operational Human Resource responsibilities could be consolidated within the DAFP, allowing the National Civil Service Commission (*Comisión Nacional del Servicio Civil*, or CNSC) to focus on a strategic oversight role of recruitment and the principle of merit, similar to the role played by public service commissions in several OECD countries. The DAFP, in turn, could undertake the responsibility for how posts are defined and for performance management in order to ensure a more strategic and co-ordinated approach to policy and practice in these areas. In the meanwhile, communication and co-ordination between the DAFP and CNSC could be improved by setting up regular meetings.
- A clearer distinction between public management positions and political appointees would be desirable, and the recruitment process could benefit from increasing transparency and meritocracy through public advertising of public management vacancies and shared decision making about their appointment. Indeed, management positions and other "positions of trust" are not part of the public service career in Colombia and are subject to discretionary appointment and termination. As a consequence top officials are closely tied to the current government, and are usually replaced when there is a change in government. This poses a threat to an effective and continuous implementation of integrity policies, and in particular the function of senior management as role models.
- Colombia could improve the recruitment process in order to ensure that the best possible people are appointed to senior positions. Objectivity in the recruitment process is essential to ensure a pool of suitable candidates to guarantee productive and efficient public service, but also to lay the foundations for a culture of integrity in the public administration. Any perceptions of favouritism in the recruitment process need to be prevented. The government could achieve this by advertising public management positions openly to attract the most qualified candidates and shared decision-making about the appointment so that the immediate superior is not the only one involved in the final selection (OECD, 2013a).
- While Colombia has prohibited the hiring and appointment of spouses and relatives up to the fourth degree of consanguinity (Colombian Constitution, Article 126), it appears that no measures have been implemented in practice to ensure compliance. To improve further fairness of the existing personnel management, mandatory disclosure of family relations during the recruitment process could be introduced to implement the prohibition of nepotism according to the Constitution. Furthermore, the proposed integrity training should sensitise public officials of the possibility of a conflict of interest, if they participate, formally or informally, in any matter directly affecting a family member's employment. Breaches would need to be enforced through the disciplinary code as a breach of the conflict-of-interest policy.
- Integrity criteria for job positions could be included, and candidates tested on ethical values during the selection process; in addition, the commitment to the values of the General Integrity Code and the organisation could be required by all applicants seeking to apply for positions.

In a values-orientated public integrity system, emphasising self-regulation and intrinsic motivation, it is particularly important that the hiring process attracts public officials which ascribe to the ethical values in the public sector and in the organisation. The recruitment process should be set up to select officials that strive for the application of high ethical standards in their work environment and who are committed to the public interest, an open dialogue about ethical issues, and are dedicated to pursuing ethical standards in their interactions with others. Prospective candidates gain their first impression of the organisation's values and their own role within the organisation during the recruitment process. It is the role of HRM to ensure that these impressions include recognition of the importance of integrity (Weaver et al., 2001).

By explicitly considering key behavioural skills that can contribute to ethical conduct in the job position, HRM could ensure that a message of valuing integrity is sent from the start. In Colombia, Decree 2539/05 establishes the general competencies for public position at different hierarchical levels. Public officials need to fulfil functional competencies and behavioural competencies. Each level of hierarchy has its own specific behavioural competencies which are supposed to be further specified by the personnel unit in each entity when recruiting for a specific position. In addition, some general competencies apply to all public officials: results-orientated, user and citizen orientation, transparency, and commitment to the organisation.

In order to give a stronger weight to integrity, the DAFP could consider including in a first stage of selection the general competency of integrity and identifying key behavioural traits desirable for positions at-risk of corruption (e.g. conscientiousness, moral attentiveness, duty orientation, assertiveness and proactivity). These traits should be clearly stated in the job posting by adequate descriptions and could be assessed through targeted questions (see Box 2.15). It would be advisable that these measures are accompanied by seminars by the DAFP and ESAP for the personnel units on how to identify and standardise such behavioural competencies. Procedures at this stage could comprise background checks concerning criminal and disciplinary records with past employers and the System of Information and Management of Public Employment (*Sistema de Información y Gestión del Empleo Público*, or SIGEP).

In addition, Colombia could consider trialing in a pilot the effect of requiring the signature of a short reminder that the applicant ascribes to the organisation's value of integrity. This could be either done electronically right before submitting the application or as a separate form to be signed if submitting the application on paper.

For at-risk positions and senior officials, further strategies to examine an applicant's ethical stance and disposition for (un)ethical behaviour could be applied during the interview stage. For instance, prospective candidates could be asked to solve an ethical dilemma or a conflict-of-interest situation to assess their moral reasoning and assess the ethical decision-making reasoning of the candidate (Kidder, 2005).

In co-ordination with CNSC and ESAP, the DAFP could also develop recruitment brochures and other material to attract future public officials which clearly share the commitment to integrity of the public service, how a culture of integrity is built within the public service and ethical values applied in the daily work.

Box 2.15. **Recruitment processes and integrity – Experience from Australia**

'Filters' can be built into to a recruitment process to ensure applicants are tailored to the organisation's requirements. In Australia, for example, one agency analysed disciplinary issues amongst new recruits after 12 months on the job and identified a need to better manage indicators of integrity earlier in the selection process.

As a result, interventions were then instituted at important stages:

- A question and answer survey was included as part of the general information for potential applicants. It asked questions about how people felt about certain working conditions and interactions. Based on an indicative score, potential applicants were then encouraged to proceed to the next stage or encouraged to speak about the role with people who knew them well before proceeding to the next stage. This supported self-filtering by applicants.
- As part of the online application, more targeted integrity questions were asked about their background and experiences. For example questions about dealing with authority, diverse cultures, financial management etc. This provided base data for comparative purposes.
- Successful applicants in the technical assessment phase were asked to retake the integrity questions. Experts were asked to identify discrepancies or anomalies between the data sets and individually followed these up with applicants. The delay between administering the questions increased the validity of the data.
- Only those applicants who successfully passed both the technical and the integrity phases were invited to face-to-face interviews, which included a practical role play.

The outcome was a considerable decrease in both disciplinary issues and increased retention rates for new recruits.

Source: Input provided by the Australian Merit Commissioner, June 2016.

The National Civil Service Commission (CNCS) could include integrity as a performance indicator to incentivise ethical behaviour

Regular performance evaluations carried out between responsible public managers and their employees offers an important entry point for integrity policies. Performance evaluations can be used as an anchor point for transmitting values and expectations or clarifying any doubts. Colombia therefore could consider the incorporation of integrity and public ethics, both as a formal assessment criterion and in the way the assessment is conducted. For example, performance objectives could focus on the means as well as the ends, by asking not only if the performance objectives have been achieved, but also how the public official achieved the objectives. If objectives were achieved in adhering to the highest standard of integrity, this should be recognised. Special recognition could be given to those public officials that consistently engage in meritorious behaviour or contribute to building a climate of integrity in their department by for example identifying new processes or procedures that will promote the code of ethics.

In Colombia, all staff and managers are subject to annual performance evaluations with a partial evaluation every six months (Acuerdo 565 de 2016). Public officials are evaluated against functional and behavioural competencies and the management evaluation of the division. The CNCS is responsible for overseeing the process for performance evaluations and could issue guidelines on how to include integrity as a performance indicator to the personnel units. For example, ethical behaviour could be incentivised by assessing the adherence of every employee to the entity's values and code of ethics in the annual performance appraisal.

During these meetings, it could be helpful to address explicitly the subject of public ethics and conflicts of interest beyond evaluating past performance, setting new goals and discussing general issues concerning the agency's, as well as individuals', values and goals. If taken seriously and not as a check-the-box exercise, such a regular discussion would provide the opportunity to set the tone at the top and encourage public officials to openly discuss any concerns or doubts that might arise in their daily work. Furthermore, it could be considered to include integrity as criteria for the professional development of the public servants.

To be effective, it is crucial that public managers with staff responsibility receive specific training on how to incorporate integrity in the performance evaluations and how to address ethical dilemmas brought to them during this process or outside of it. As mentioned previously, Colombia could therefore aim at a stronger involvement of providing specific training and clear guidelines to them on how they should exercise judgment when cases are brought to them, how to signal unethical behaviour in discussions with their staff, how to promote a culture of open discussion, and how to resolve conflict-of-interest situations.

Unfortunately, the performance evaluation in Colombia is currently hampered by a number of weaknesses which would need to be addressed to develop the evaluation process from a merely formal process to a tool that sets incentives for public officials to perform better. Firstly, the objectives are often not linked to the duties and functions of the public official. Therefore, it would be essential that the CNSC guides the personnel units in each entity on how to translate general objectives as set out in the Acuerdo 565 de 2016 to specific positions. Secondly, the incentive structure within the public service is inadequate as there are no clear benefits for performing well in the evaluation, such as career progression (Strazza, 2014). These issues need to be addressed as a priority to enable the use of performance evaluations as a tool to promote a culture of integrity.

The DAFP could develop a mentoring programme for public officials at the junior level to encourage the development of ethical capacities and build a pool of ethical leaders for the future

Partnering public officials in junior position who show the necessary potential to advance to leadership positions with senior managers who have proven integrity and ethical conduct and reasoning through a formal mentorship programme is another measure to motivate ethical behaviour in an organisation (Shalock, Arthur, 2006). This does not only support the junior public officials, but can also strengthen the senior public officials' ethical convictions and contribute to an open organisational culture in which public officials feel comfortable to report wrongdoing.

Mentors should focus on helping their colleague to think through situations, where they have recognised the potential for conflict of values. They help to develop ethical awareness, so that the mentee is able to foresee and avoid ethical dilemmas. The DAFP could pilot a mentoring programme in its own entity. The commitment of mentors could be positively assessed in the performance evaluations.

Safeguarding integrity through an effective financial and interest disclosure system

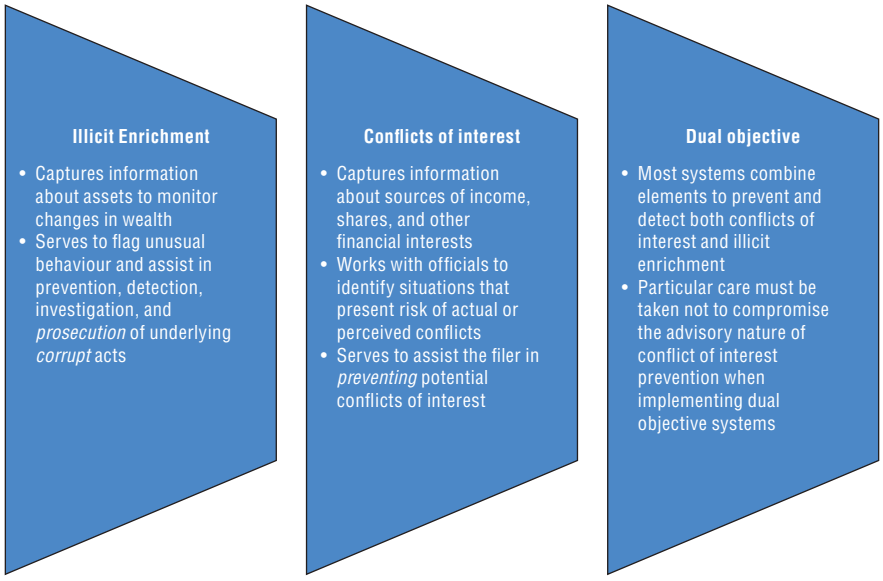
Prioritising the objective of prevention of abuse of function, Colombia could expand the information related to possible conflict-of-interest situations requested in the current asset declaration system

An effective financial and interest disclosure system can be an important building block of a country's integrity system creating a culture of integrity and building trust in the public sector

(OECD, 2015). The system can strengthen public trust in government by clearly showing its commitment to transparency and by offering a tool with which to enable social accountability, as citizens can analyse public officials' decision in the light of the declared assets and relations. Indeed, there has been some recent empirical cross-country evidence that the expansion of financial disclosure systems positively and significantly affect a country's capacity to control corruption in the years following the expansion (Vargas et al., 2016).

Disclosure systems can address both the detection of illicit enrichment and the prevention of abuse of function, by identifying possible situations of conflicts of interest and guiding public officials how to avoid such situations. To maximise the effectiveness of disclosure systems, countries should prioritise their objectives by engaging domestic stakeholders to determine the best framework. Each single element of the disclosure system, such as who has to declare what, will have to be designed according to the set objective (Figure 2.5).

Figure 2.5. **Objectives of the Disclosure Systems**



Source: Rossi, Ivana M., Laura Pop, and Tammar Berger. 2017. Getting the Full Picture on Public Officials: A How-To Guide for Effective Financial Disclosure. Stolen Asset Recovery (StAR) Series. Washington, DC: World Bank. doi: 10.1596/978-1-4648-0953-8. License: Creative Commons Attribution CC BY 3.0 IGO

In countries in which the disclosure system's purpose is to detect illicit wealth, the systems seek information on assets, stocks and securities, and liabilities to allow for a financial analysis of inexplicable changes in wealth during the public official's time in office. In this way, the system can support the prosecution of corrupt officials and the recovery of stolen assets (OECD, 2011). In turn, systems prioritising the prevention of conflict-of-interest situations, gather information on secondary employment, unremunerated positions outside of office, sources of income, gifts and companies in which the official has an interest. The system is linked to the public ethics framework to establish a rapport with the public official to resolve the conflict of interest situation. According to data collected by the World Bank, the majority of disclosure systems in OECD member countries focus on the prevention of conflicts of interest (Rossi et al., 2017; Box 2.16).

In Colombia, Law 190 from 1995 and Decree 1083 of 2015, compiles all applicable decrees that regulate the asset and interest declaration of public officials (*Declaración Juramentada de Bienes y Rentas Y Actividad de Económica Privada*). All public officials across

the three branches are required to register in the System of Information and Management of Public Employment (SIGEP), operated by DAFP. SIGEP registry is a condition precedent to beginning service as a public official. The system centralises all the financial and interest disclosures and other HR information related to the public official's employment. The disclosures must be updated annually and at the end of the term of public service. In addition, all public officials must state that they are not involved in any situation that may cause ineligibility or incompatibility. The system solicits information on income, assets, savings, liabilities, membership in boards or unions, outside employment, as well as name of spouse/partner and first-degree relatives.

Box 2.16. **Income and asset disclosure system in the United States**

The objective of the income and asset disclosure system (IAD) in the United States is the detection and prevention of conflict-of-interest situations. The requested financial information aims to show transparency and impartiality of public officials in the decision-making process and to increase public trust and confidence in the integrity system.

The Office of the Government of Ethics (OGE) is responsible for overseeing the disclosure system in the executive branch of the government. The legislative and judicial branches have their own Ethics Commissions overseeing the system.

Some key characteristics of the systems are:

- **Coverage of officials**: The IAD distinguishes between two types of disclosure requirements: Public disclosure and confidential disclosure. Public disclosure applies to high-ranking government officials and confidential disclosure applies to lower-ranking officials and employees who hold positions which have a higher risk for conflicts of interest.
- **Requested information**: assets, sources and amounts of income, transactions, liabilities, gifts and reimbursements, positions held outside of government, agreements and arrangements with respect to past or future employment, major clients (first rime filers only).
- **Verification:** Neither the OGE, nor the ethics officials within every government agency verifies the accuracy of the submitted information. Disclosures are reviewed for completeness, internal consistency and actual or potential conflict-of-interest situations. However, if a complaint is received or a clear illegality detected on the disclosure form, the OGE or ethics official in the agency refers the case to the Office of the Inspector General, the Federal Bureau of Investigation or the Public Integrity Section of the Department of Justice.
- **Public availability:** Public income and asset declarations have to be made available upon request within 30 days of submission of the final report. Confidential income and asset declarations from lower-ranking public officials are not publically available.
- **Sanctions**: If public officials file false information or fail to submit required information, criminal, civil and administrative sanctions can be administered.
- **Evaluation of the system**: An annual Performance Accountability Report is presented before Congress and available online. The report includes details on meeting its priorities as established in its strategic plan, an assessment of the OGE's systems for accounting and internal control and an audit report on the OGE's financial statements.

Source: World Bank. 2013. Income and Asset Disclosure: Case Study Illustrations. Directions in Development. Washington, DC: World Bank. doi: 10.1596/978-0-8213-9796-1.

Colombia's requirement for electronic submission is commendable and more advanced in this aspect than the majority of disclosure systems in other countries (Rossi et al. 2017). In addition, article 7 of Law 527 of 1999, regulated by Decree 2364 of 2012, establishes the use and administration of the electronic signature, which has the same legal effects as the handwritten signature. This facilitates compliance and allows for better verification and analysis of data submitted. Indeed, it can reduce burden on officials, reducing completion time and allowing for information to be saved and/or pre-filled or incorporated from other databases. In Argentina, when they switched from paper to electronic submissions in 2000, compliance rate on the part of public officials went up 46% (OECD, 2011).

Article 6 of Law 190 from 1995 requires that financial and interest declarations are selectively verified for completeness and accuracy through a random selection at least once per semester. Currently, the head of HRM at each government agency verifies that the asset and interest declaration has been submitted in the SIGEP at least once every six months on a random basis. According to interviews, this simple verification check is often insufficiently undertaken. In turn, the role of the DAFP in the asset and interest disclosure system consists of co-ordinating with the HRM units of all three branches, overseeing SIGEP, and elaborating guidance for public officials on how to declare their assets and interests.

The current design of the Colombian disclosure system seems to aim at both the objective of prevention of conflict of interest and detection of illicit enrichment. However, interviews revealed that the information demanded is not useful to detect illicit enrichment, given that financial intelligence units can access the submitted information via different channels in better quality. Also, doubts have been raised in how far public officials really report all the relevant information and whether it may not be too easy to circumvent the requirements. Therefore, Colombia could decide to put greater emphasis on the prevention of abuse of functions by redesigning the disclosure forms and demanding more detailed information relevant to detecting potential conflict-of-interest situations similar to the majority of OECD countries (Box 2.17).

Specifically, Colombia could seek more concrete information on the source (name of company or person who provides the income, company registration number, location) and type of income (salary, royalties, selling assets, inheritance etc). For example, demanding information on the name of a legal entity providing an income can help identify a conflict-of-interest situation. In addition, the disclosure form should collect information on activities undertaken prior to taking office and if already known, activities the official will perform after leaving office. While Law 1474 of 2011 (*Nuevo Estatuto Anticorrupción*) stipulates that public servants for at least two years may not accept employment with an entity with which they personally, or through their subordinates, had official contact, it seems that no process for effective implementation of this article has been developed. Given the wide access of information senior public official possess and the subsequent possibility to use confidential information to gain unfair advantage, Colombia could focus, when a public official leaves the public sector, to review systematically the information given by senior officials and other at-risk positions. If a possible conflict of interest is noted during the verification process, as recommended below, the employee should be informed and possible solutions should then be discussed with the superior. If wanted by the employee, the integrity contact point, as recommended above, could be present in these discussions as a mediator. The solution reached could be made public to create social pressure for the public official to comply with the provision.

Box 2.17. **Common financial and non-financial disclosures in OECD countries**

Generally, the following types of information are required to be disclosed in OECD member and partner countries. As in Colombia, these can include financial and non-financial interests:

Financial interests

Reporting of financial interests can help to identify conflict-of-interest situations.

- **Income**: officials in OECD countries are commonly asked to report income amounts as well as the source and type (i.e. salaries, fees, interest, dividends, revenue from sale or lease of property, inheritance, hospitalities, travel paid, etc.). The exact requirements of income reporting may vary and moreover public officials may only be required to report income above a certain threshold. The rationale for disclosing income is to indicate potential sources of undue influence (i.e. such as from outside employment). In countries where public officials' salaries are low, this is of particular concern.
- **Gifts**: gifts can be considered a type of income or asset; however, since they are generally minor in value, countries generally only required reporting gifts above a certain threshold although there are exceptions.
- **Assets**: A wide variety of assets are subject to declaration across OECD countries including savings, shareholdings and other securities, property, real estate, savings, vehicles/vessels, valuable antiques and art, etc. Reporting of assets permits for comparison with income data in order to assess whether changes in wealth are due to declared legitimate income. However, accurately reporting on the value of assets can be a challenge in some circumstances and difficult to validate. Furthermore, some countries make the distinction between owned assets and those in use (i.e. such as a house or lodging that has been lent but is not owned).
- **Other financial interests**: In addition to income, gifts and assets, additional financial interests to declare often include: debts, loans, guarantees, insurances, agreements which may results in future income, and pension schemes. When such interests amount to significant values, they can potentially lead to conflict-of-interest situations.

Non-financial interests

Monitoring non-financial interests may give indications about potential conflict-of interest situations. As such many countries request disclosure of:

- **Previous employment**: relationships or information acquired from past employment could unduly influence public officials' duties in their current post. For instance if the officials' past firm applied to a public procurement tender where the public official had a say in the process, his/her past position could be considered a conflict-of-interest.
- **Current non-remunerated positions**: board or foundation membership or active membership in political party activities could similarly affect public officials' duties. Even voluntary work could be considered to influence duties in certain situations.

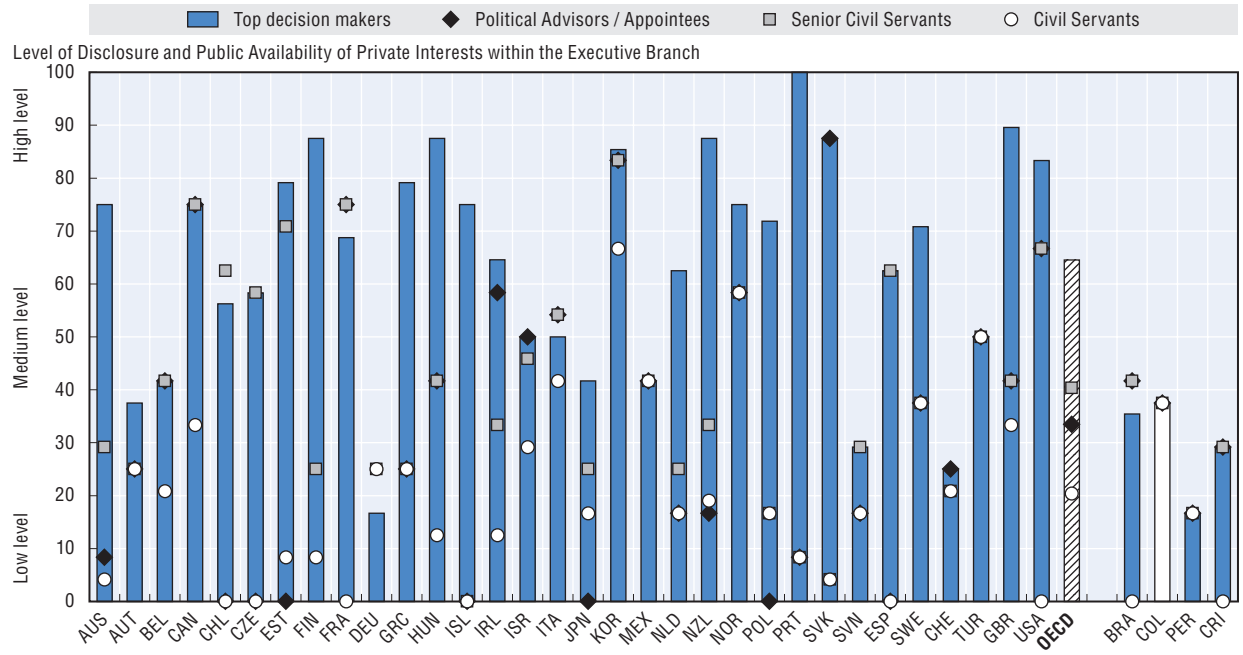
Source: OECD (2011) Asset Declarations for Public Officials: A Tool to Prevent Corruption.

Narrowing down the circle of public officials required to submit an asset and interest declaration to those in senior positions and those representing a higher corruption risk, e.g. Politically Exposed Persons (PEP), would ensure that no culture of distrust is created as well as improve the system's cost-effectiveness

On average in the OECD, data show that the top decision makers (President/Prime Minister, Ministers) as well as senior civil servants tend to have greater disclosure obligations (Figure 2.6). Civil servants often have relatively less stringent requirements. There are

arguments in favour of such a differentiation of reporting requirements for political and senior level civil servants. The first is that elected officials are expected to be more transparent so that citizens may make more informed choices when voting in elections. Furthermore, once elected, such information may be necessary to assess any interests which may influence parliamentarians' arguments or voting decisions in the Congress. It could also be argued that, given their decision-making powers, elected officials and senior civil servants are more influential and are at greater risk for capture or corruption.

Figure 2.6. **Disclosure in Executive branch of Government, 2014**



Source: OECD (2015), *Governments at a Glance*.

In contrast to the majority of OECD countries, the disclosure requirements are universal for all positions in Colombia. This calls into question whether requirements under the law 1990 are following a risk-based approach and are perhaps overly burdensome on officials. This can also have a potentially detrimental effect on the morale of some public servants. For instance, some officials could interpret this blanket requirement as creating an organisational culture whereby public servants are presumed to be corrupt. As such, the law may inadvertently have increased the incentive for omissions, false information and reduce the attractiveness of working in the public sector, making it more difficult for government to recruit or retain top talent

Furthermore, despite the use of an electronic system, the universal requirement to file an asset and interest declaration may overburden the responsible bodies to communicate effectively on the requirements, receive and screen the disclosures, and to fulfil any other activities related to its mandate if not accompanied by appropriate human and financial resources. Indeed, in 2016, 202.805 public officials were obliged to file an asset and interest declaration.

Colombia could consider a more tailored approach to disclosure to ensure effectiveness and impact. To ensure an effective process, the size of the disclosure population could be narrowed down by considering common criteria applied in other countries to determine who should declare (Box 2.18), such as:

- Branch of government.
- Hierarchy (for example, all officials at the director level and above).
- Position (minister, deputy minister, director, and so on).
- Function (administrative decision making, granting contracts, public procurement, tax inspection, customs etc.).
- Risk of corruption: identifying filers based upon their role and the risk they could become involved in corrupt activity (building licenses, infrastructure contracts, customs, etc.) (World Bank, 2017).
- Categorisation as a politically exposed person (PEP) in Decree 1674 of 2016.

Box 2.18. **Mandatory asset declaration for selected officials in Argentina**

The government agency in charge of managing the Assets Declaration System is the Anti-corruption Office, under the Ministry of Justice and Human Rights, in co-ordination with the Federal Administration of Public Revenues Agency (AFIP). The asset disclosure system in Argentina does not require all public officials to declare their assets. Individuals who are obligated to present their asset declarations are:

- Hierarchical level: from the President to the officials with a position of National Director or equivalent.
- Nature of their function: those who, beyond the rank that they hold, are public officials or employees, members of procurement commissions or are responsible for granting administrative authorisations for the exercise of any activity or controlling their operation. Also those who control public revenues should present their asset declaration.
- Candidates to national elective positions.

These public officials have to present their declarations in three situations: (1) within 30 days of having started their public functions, (2) annually, and (3) after leaving the position. By June 2016, there were 48.494 obligations to present Asset Declarations.

Source: https://www.argentina.gob.ar/presentardeclaracionjurada

The disclosure could be mandatory for those officials in high positions, those in position with higher risk of corruption, for instance based on the risk assessments carried out by public entities (chapter 3), and those classified as Politically Exposed Person (PEP), regulated in Colombia under Decree 1674 from 2016.

A communication strategy should clarify the conceptual overlap between the financial and interest disclosure system and the ad hoc disclosure of conflict-of-interest situations, and remind public officials of their obligation to declare their interests and assets both in the system and ad hoc

Interviews revealed some confusion amongst public officials concerning asset and interest declarations and conflict-of-interest management. Clarifying the conceptual overlap between the procedures for ad hoc disclosure of actual conflict-of-interest

situations, and the annual declaration of assets and interest is essential. It needs to be clearly communicated that submitting the declaration does not relieve the public official from proactively declaring any potential or actual conflict-of-interest on an ad hoc basis to their superior, or that he can seek for advice in case of doubts to the Integrity Contact Points, as recommended above.

Indeed, the static annual asset and interest declarations are not flexible enough to deal with ad hoc emerging conflict-of-interest situations, and they also do not state how any current conflict-of-interest has been resolved. Both aspects require a separate policy whereby officials must notify their managers of a conflict-of interest situation, and reach a resolution – possibly with help of the Integrity Contact points recommended above.

These efforts could be embedded in the existing internal and external awareness campaigns on the disclosure system (web portal, social media, e-mails, newsletter, video tutorials and thematic chats) to ensure a high submission rate. The DAFP has also introduced a virtual advisory Space, EVA, which is carrying out a series of thematic chats directed at the public servants on the financial and interest disclosure. On their website, the requirements are clearly set out; the legal framework can be found as well as detailed instructions. Colombia could also send reminders to public officials via their official e-mail addresses to submit their annual declaration on time.

Given that no authority in Colombia has currently the mandate to verify and audit the financial and interest disclosures, Colombia could give one agency, for example the Inspector General, the mandate to ensure an effective verification. This would include the right to cross-check information, or make parts of the declarations publically available to enable control by citizens

It is essential to establish a system of oversight to provide monitoring and enforcement. Indeed, the effectiveness of the disclosure regime depends on the system's ability to detect violations and administer sanctions (OECD, 2015). Countries can ensure this through either a confidential system in which effective verification and audit is guaranteed, or by making declarations publically available, so that the public can fulfil an oversight role (or combining both elements).

An effective confidential disclosure regime requires that the agency responsible for administrating the disclosure system is politically neutral, is trusted by the public and is able to effectively verify and audit the declarations. According to an OECD survey in 2012, following the collection of disclosure forms, over 80% of OECD countries that have disclosure requirements in place verify that disclosure forms are submitted (Table 2.5). Ten countries, including Canada, France, Korea and Switzerland, verify receipt of the submitted disclosure form, verify that all required information was included and audit or review the accuracy of the information submitted in the disclosure form for all those required to disclose private interests (Table 2.5). In cases where these conditions cannot be met, public availability allows the public (i.e. individuals, civil society organisations and the media) to strengthen the enforcement of the disclosure system by fulfilling a control function. For example, while Italy and Ireland do not verify the disclosure forms after submission, they make the disclosure forms online allowing the public to verify information.

As discussed above, beyond verifying the submission of the financial and interest declarations, the declarations are not systematically reviewed or audited by the currently responsible HRM bodies in the line ministries, nor by the DAFP. In addition, the information provided in the disclosure form is classified and may only be provided at request to the disciplinary control offices in disciplinary and tax proceedings, or to ordinary courts for criminal and civil cases where there are presumed acts of corruption against the Colombian State. Overall, the weaknesses in the follow-up after reception of the declarations undermine the effectiveness of the system, as there is de facto no ability to detect violations and administer sanctions.

Table 2.5. **Actions for disclosing private interests by public officials**

	Verification that disclosure form was submitted	Review that all required information was provided	Internal audit of the submitted information for accuracy
Australia	●	❍	❍
Austria	●	●	●
Belgium	●	●	❍
Canada	●	●	❍
Chile	●	●	❍
Denmark	●	●	❍
Estonia	●	⊙	⊙
Finland	●	●	❍
France	●	⊙	⊙
Germany	●	●	⊙
Hungary	●	❍	❍
Iceland	●	❍	❍
Ireland	❍	❍	❍
Italy	❍	❍	❍
Japan	❍	●	●
Korea	●	●	●
Luxembourg	x	x	x
Mexico	●	●	⊙
Netherlands	●	●	❍
New Zealand	●	●	⊙
Norway	●	⊙	❍
Poland	●	●	⊙
Portugal	●	●	●
Slovak Republic	●	●	❍
Slovenia	●	⊙	⊙
Spain	●	●	●
Sweden	●	●	⊙
Switzerland	❍	❍	❍
Turkey	❍	❍	❍
United Kingdom	●	●	●
United States	●	●	❍
Egypt	●	●	❍
Ukraine	⊙	⊙	❍
Total OECD			
● Procedure conducted for all those required to submit disclosure form	25	19	6
⊙ Procedure conducted for only some required to submit disclosure form	0	4	8
❍ Procedure not conducted	5	7	16

Source: Governments at a Glance 2013 (OECD).

In order to ensure an effective verification and audit process, Colombia could consider modifying Decree 2232 of 1995 and Decree 1083 of 2015 to mandate an agency to audit the financial and interest disclosures in a systematic and regular manner, which would include cross-checking information from other databases, such as land registries or financial information. For example, in Chile, Costa Rica, and Peru the respective Comptroller General has the mandate to audit the conflict of interest and asset declarations. In Chile, this includes the right to access information from other institutions (Box 2.19). In France, an independent agency, the Higher Authority for Transparency in Public Life, is responsible for administering the disclosure system. This includes a verification and audit process which cross-check other databases (Box 2.20).

Box 2.19. **Conflict of interest and asset declaration system in Chile**

In Chile, according to Law N° 20.880, all public servants, including elected officials, Generals of the Armed Forces, directors of state-owned enterprises and board members of state universities have to submit a conflict of interest and asset declaration. The declaration must be submitted upon assuming duties, annually and upon departure from a post.

The declaration has to be submitted electronically via a portal administered by the Comptroller General (*Contraloría General de la República de Chile*, or CGR Chile). The declaration consists of the following information:

- all professional, union or charitable activities, paid and unpaid
- property in Chile or abroad
- water use rights
- personal property
- income and assets
- total liabilities
- assets of spouse or civil partner
- assets of children under the their authority
- voluntary declaration of any other sources that might present a conflict of interest.

Once cleared of sensitive information such as private address, the conflict of interest and asset declarations of the most senior public officials are made public. The remainder of the declarations are made available upon request.

In case of violations concerning the duty to submit the declaration (i.e. failure to submit or late submission), the official can be fined or dismissed.

The CGR Chile oversees the timeliness, completeness and accuracy of the content of these statements and has the right to request information from the Superintendency of Banks and Financial Institutions, the Superintendency Securities and Insurance, the Superintendency of Pensions, the Internal Revenue Service, the Land Registry, the Civil Registry or any other entity.

Source: Contraloría General de la República de Chile (CGR), 2016, *Guía sobre la declaración de intereses y patrimonio de la Ley* N° 20.880, *www.declaracionjurada.cl/dip/pdf/GUIA_25.08.2016.pdf*.

In Colombia, it could be considered if the Inspector General (PGN) could be granted the mandate to oversee the verification and audit process of the financial and interest disclosure system. This would need to be accompanied by the development of the necessary technological, financial and human resources in the entity. Most importantly, to effectively

audit the submitted information, the PGN would need to be able to access information of the Offices of Public Registry, the DAFP, the National Tax and Customs Office (Dirección de Impuestos y Aduanas Nacionales de Colombia, or DIAN), the Financial Intelligence Unit (*Unidad de Información y Análisis Financiero*, or UIAF), Superintendencies, and financial and social security entities. Only by authorising the PGN to cross-check and analyse information could an effective verification and audit process be ensured.

Box 2.20. **The Higher Authority for Transparency in Public Life**

Since 1988, French public officials are obliged to declare their assets to prevent illegal enrichment. Until the end of 2013, the Commission for Financial Transparency in politics was responsible for controlling the declarations. As a consequence of various scandals, the Higher Authority for Transparency in Public Life , Haute autorité pour la transparence de la vie publique or HATVP) was created with a broader legal authority to ensure effective auditing of the asset and interest declarations.

The HATVP receives and audits the asset and interest declarations of 14,000 high-ranking politicians and senior public officials:

- Members of Government, Parliament and European Parliament;
- Important local elected officials and their main advisors;
- Advisors to the President, members of Government and presidents of the National Assembly and Senate;
- Members of independent administrative authorities;
- High-ranking public servants appointed by the Council of Ministers;
- CEOs of publicly owned or partially publicly owned companies.

Some of the asset and private interest declarations are published online and will soon be reusable as open data. One of the exceptions is the asset declarations of parliamentarians which are not published online, but made available in certain local government buildings. Asset declarations of local elected officials and asset and interest declarations of non-elected public officials are not published, following a Constitutional council ruling in 2013.

Asset declarations have to be filed online when taking up a position, when a substantial change in assets occurs and when leaving the position. The information submitted in the declaration concerns real property, movable property (e.g. financial assets, life insurance, bank accounts, vehicles), and any existing borrowing and financiadebt. The HATVP verifies the declarations and investigates any potential omissions or unexplained variations in wealth while in office. All declarations are systematically controlled for some specific populations such as members of the Government and members of the Parliament. For public officials holding other functions, a control plan is established with systematic controls for certain targeted functions and random controls for others. The HATVP has the right to refer cases to the prosecutor for criminal investigation. Furthermore, it oversees the fiscal verification procedure of members of Government.

Right to cross-check databases

In order to fulfil its mandate, the HATVP has the right to ask fiscal authorities to analyse the declarations and access documents abroad or any fiscal information deemed of interest. Likewise, the HATVP can demand information from institutions and individuals who detain information useful to the audit process. The asset declarations of Government ministers and members of Parliament are transferred to the Public Finances General Directorate and in return the tax administration provides the High Authority with "all information to enable the latter to assess the exhaustiveness, accuracy and sincerity of the asset declaration, in particular the income tax notices for the person concerned, and, as applicable, the wealth tax notices". Tax administration officers are released from their requirement of professional secrecy with regard to the High Authority's members and rapporteurs. Citizens can also report to the High Authority any irregularities they notice about the online declarations.

Box 2.20. **The Higher Authority for Transparency in Public Life** *(cont.)*

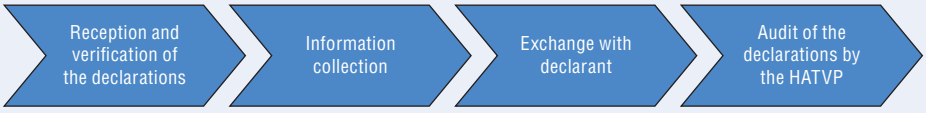
Sanctions

A public official who fails to file a declaration, omits to declare substantive assets, or reports an untruthful evaluation of assets, can be sanctioned with up to three years' imprisonment and a €45 000 fine. A public official who does not comply with the injunctions of the HATVP or does not supply any requested documents can be sanctioned with a one-year prison sentence and a €15,000 fine. Additional sanctions can include a loss of civic rights for up to ten months or a permanent ban on the exercise of civic duties.

Verification and audit process

For members of the government and parliamentarians

For all other declarants



Source: Based on information provided by the Higher Authority for Transparency in Public Life

Such a shift of the authority to audit the declarations would require a normative change concerning the reserved nature of financial information and its regular use by a controlling body such as the PGN. Currently, the information provided in the disclosures is reserved information according to Law 1266 of 2008, Law 1581 of 2012, Law 1712 of 2014, and Law 1755 of 2015. This means that the information can only be accessed in the context of a judicial, fiscal or disciplinary proceedings or when the holder of the information authorises the access, as it has been the case for the recent voluntary publication of financial and interest disclosures by the ministers and directors of administrative departments. Therefore, in the long-term, if an auditing of the asset declaration is desired, a statutory legal change would be necessary, either by passing a new law or by modifying the anti-corruption statute (Law 1474 of 2011), which would enable the PGN to access the data submitted in the financial and interest disclosures. In addition, technological solutions would need to be sought ought to exchange information, not only between the PGN and the DAFP, but also with other entities and databases.

In the short-term, the PGN could convene regular meetings between the UIAF, the Prosecutor General (*Fiscalía General de la Nación*, FGN) and Comptroller General (CGR) according to the principle of harmonious collaboration between the state organs as stipulated in article 113 of the Colombian Constitution. In these meetings, according to a memorandum of understanding or joint directive, the UIAF could exchange a list of public officials for which suspicious operations have been detected with the Prosecutor General, the PGN and the CGR to verify whether the public official illegally increased his wealth according to Article 48 of Law 734 of 2002. This would allow the PGN to access the information stored in the SIGEP without changing the law. In addition, this information could be used to identify at-risk positions which should be obliged to present their financial and interest declarations. However, this maintains the current reactive nature and does not allow the regular use of the information for analytical or preventive purposes.

Alternatively, or in addition, Colombia could make the declarations publically available. Making disclosures publically available adds an additional level of scrutiny

by adding a countless number of external stakeholders, namely media, civil society organisations and individuals, that can double-check the information declared and report inconsistencies to the authorities. In this way, public availability can strengthen the deterrent effect and build social pressure to adhere to the integrity standards. For example in Canada, Members of Parliament submit detailed financial disclosure statements, including declaring credit card debts in excess of CS $ 10 000. A summary of the statement is published online, which shows the Member of Parliament's assets, but not their values (Messick, 2009).

However, contrary to the practices in a majority of OECD countries, Colombia does not make the disclosure forms publically available. According to the 2014 Transparency Law (*Ley de Transparencia*) the information can be classified if it infringes on the individual's right to privacy and security.

Therefore, Colombia could consider modifying the Transparency Law to permit the public disclosure of financial and interest disclosures, as has already been done on a voluntary basis since May 2016. This could mean not sharing the address, bank account number or vehicle information, but sharing general information such as an approximate value. The format could be similar to the form provided by DAFP for the voluntary publication of asset and interest declarations in May 2016 which omits bank account information. To ensure that the public could fulfil an oversight role, Colombia could consider establishing a searchable, online database. Similar to Bolivia, Colombia could consider a introducing a clause allowing individuals to request the complete form if he or she shows a need for it (Messick, 2009).

Public disclosure could be limited to certain categories of public officials. For example, the United States do not make publically available the disclosure forms of individuals in the Office of the Director of National Intelligence, the Central Intelligence Agency, the Defence Intelligence Agency, the National Geospatial-Intelligence Agency, or the National Security Agency, or any individual engaged in intelligence activities in any agency of the United States.

Ensuring effective enforcement responses to integrity violations

To ensure the credibility of the ethics and conflict-of-interest framework, public officials have to be held accountable for breaches; this requires coherence and consistency between the integrity management framework and the disciplinary system

Enforcement measures, such as disciplinary systems and, when applicable, also mechanisms for the recovery of economic losses and damages, are the necessary "teeth" to any country's integrity framework and are a principal means by which governments can deter misconduct. If applied in a transparent, timely and fair manner, sanctions can also provide credibility and legitimise the existence of governments' integrity rules and frameworks, serving to strengthen them over time and helping to instil integrity values in individuals and organisations as cultural norms.

Moreover, enforcement measures help signal to citizens that government is serious about upholding the public's best interests and is worthy of their confidence and trust. Indeed, strong enforcement demonstrates that the rule of law applies to all and that public officials cannot act with impunity. This is a particularly important principle to uphold given the strong relationship between citizens' perceptions of corruption and their trust in government leaders and institutions. Governments must take action therefore to avoid a

vicious cycle whereby continually decreasing levels of trust in institutions lead, in turn, to greater incentives for (and tolerance of) integrity breaches like corruption over time.

Indeed, OECD country experience shows that an effective, comprehensive public sector integrity frameworks provides balance between values-based and rules-based approaches and as such include not only pillars for defining, supporting and monitoring integrity but also ensure the enforcement of these integrity rules and standards. Establishing an open organisational culture also has to be backed with relevant enforcement mechanisms to ensure credibility. Evidence suggests that organisations should react to undesired behaviour even for small actions as a continuous acceptance of such behaviour could lead to an erosion of integrity in the organisation or foster cynicism and frustration to those that (still) abide by the rules.

Among OECD member countries, for instance, the most utilised sanctions for breaching the conflict-of-interest policy are disciplinary and criminal prosecution, along with the cancellation of affected decisions and contracts (Box 2.21).

Box 2.21. **Setting proportional sanctions for breaching conflict-of-interest policies**

The nature of the position is taken into consideration when countries determine appropriate personal consequences for breaching the conflict-of-interest policy. The following list of personal consequences indicates the variety of severe sanctions applied to different categories of officials in Portugal:

- loss of mandate for political and senior public office holders, advisors or technical consultants
- immediate cessation of office and return of all sums which have been received for ministerial advisors
- three-year suspension of senior political duties and senior public duties for senior civil servants
- loss of office in case of managerial staff
- fine and inactivity or suspension for civil servants and contractual staff.

Source: OECD (2003)

In Colombia every public entity has the responsibility in detecting cases and either sanctioning them through the Internal Disciplinary Control system and/or channelling the cases to the responsible authority such as the Office of the Inspector General (PGN). In terms of sanctionable offences, these are currently defined in the Unique Disciplinary Code (*Código Disciplinario Único*), which differentiates between very serious (Article 48) and serious/mild offences (Article 50), and include breaches of integrity such as requesting favours or gifts and acting in presence of a conflict of interest. Engaging in activity that results in a conflict of interest generates a disciplinary offense against the public official. In that case, the disciplinary bodies (the PGN, Inspector's Offices at district and municipal level (*Personerías*), Offices of Internal Disciplinary Control, and the Superior Council of the Judiciary – Disciplinary Chamber (*Consejo Superior de la Judicatura – Sala Disciplinaria*) are responsible for investigating and studying each particular case. The consequences for an official in a conflict of interest include removal from holding public office and may generate disciplinary and administrative sanctions.

As mentioned previously, the Disciplinary Code is currently being reformed, as it is considered to allow a too high degree of discretion with respect to the application of its rules and sanctions. Considering that previous recommendations stressed the importance of establishing a General Integrity Code and updating organisational codes of public entities, the overall legitimacy and effectiveness of the Colombian integrity framework will also depend on ensuring that enforcement mechanisms provide "appropriate and timely" responses to all suspected violations of public integrity standards (Gilman, 2005) and, in particular, that the disciplinary system is coherent and consistent with the integrity framework.

For this purpose, Colombia could consider the following options:

- Clearly link the integrity instruments with accountability mechanisms to make public officials aware of the responsibilities that come along with their conduct, as provided for in Italy (Article 53 of Legislative Decree 165/2001) and in the Code of Conduct of Jordan, whose article 3 establishes that "[a]ny violation of the provisions of the Code requires accountability and to take disciplinary action and penalties in accordance with the rules of this system." (OECD, 2010).
- Ensure that any duty or obligation mentioned in the integrity instruments are linked to the Unique Disciplinary code, which should provide for appropriate sanctions to be enforced in line with the principles and conditions governing the disciplinary action in Colombia (e.g. due process, legality, and proportionality). Because of the central role of DAFP in defining the integrity policies and instruments in the public administration, the PGN and the DAFP should co-ordinate with the legislative power which is currently working on the revision of the Unique Disciplinary Code.

Enforcement mechanism should not only be coherent with the integrity framework, but could also be complemented by innovative forms of sanctions addressing social dynamics and influencing the behaviour of those acting dishonestly through the behaviour of others. Behavioural research shows that only few people act viciously selfish and opportunistic. At the same time, few people are intrinsically moral in an unadulterated fashion. Most individuals balance their behaviour in the moral wiggle room between personal benefit and a positive social identity. They receive cues from their environment on what is socially acceptable. For example, experiments have shown that if a member of the same group misbehaves, this example tends to be followed by others; if it is a member of a rival group, the effect is the opposite and participants behave more honestly than in the control group (Gino et al., 2009). Furthermore, it there is evidence that an erosion of ethical behaviour is acceptable to a group when it occurs gradually (Gino and Bazerman, 2009). This suggests that an organisation can slide into corruption without anyone realising what is happening and, therefore, without anyone denouncing it.

From a policy perspective, these and other findings along this line suggest, similar to the "broken windows theory", that it is preferable to react to undesired behaviour even for small and seemingly negligible actions, as they can be the beginning of a path to more serious and accepted behaviours, creating a vicious circle where the corrupt dominate the organisational culture (Box 2.22). Reacting does not necessarily mean high sanctions, though. More important is a timely and visible feedback, so that the sanction is directly related to the undesired, sanctioned, behaviour. It also highlights, again, the importance of making visible "ethical success stories" to foster positive dynamics in the organisation: the "goods" should be more visible than the "bads".

Box 2.22. **Australia's values alignment model**

The Australian values alignment model emphasises that not everyone is the same, and not all individuals in an organisation share the same values. The relative share of the following three groups among employees determines to a large extend the organisational culture.

- Group A represents people who are unlikely to act corruptly regardless of circumstances, perhaps as a result of internal values or identity.
- Group B represents people whose decision to act corruptly is dependent on circumstance. In ideal conditions, this group is unlikely to act corruptly. However, the opposite is true if personal or environmental circumstances were conducive.
- Group C represents a small group of people who are likely to act corruptly whenever they can get away with it. This group is driven by self-interest and tend to respond only to effective deterrence.

An effective integrity framework accepts the existence of each of these categories of people, and is designed accordingly to:

- Recruit for values that resist corruption (Group A).
- Provide a work environment for staff in which high professional standards are valued – opportunities for corrupt conduct are minimised, and compliance with integrity measures is made easy (providing Group B with ideal conditions), and
- Be prepared for the existence of the purely self-interested (Group C) by putting in place effective detection and deterrence measures.

The goal of the integrity framework is to get an appropriate balance of measures, having regard to risk.

Source: Australian Commission for Law Enforcement Integrity, *https://www.aclei.gov.au/corruption-prevention/key-concepts/values-alignment*

Non-compliance with the duties of the financial and interest disclosure system should be made sanctionable to guarantee public officials' adherence to the system

Sanctions are essential to guarantee compliance with the requirements of the asset and interest declaration system. Different types of sanctions can be a powerful deterrent for public officials involved in dishonest conduct. Depending on the violation, such sanctions can imply criminal sanctions, administrative sanctions, disciplinary sanctions, civil liability, and other softer measures such as warnings, public announcements or apologies and the like. In most OECD countries, administrative or disciplinary sanctions are administered for the failure to fulfil the duties related to the declarations (OECD, 2011).

Sanctions for failure to comply are either related to the submission process or to the information provided (OECD, 2011):

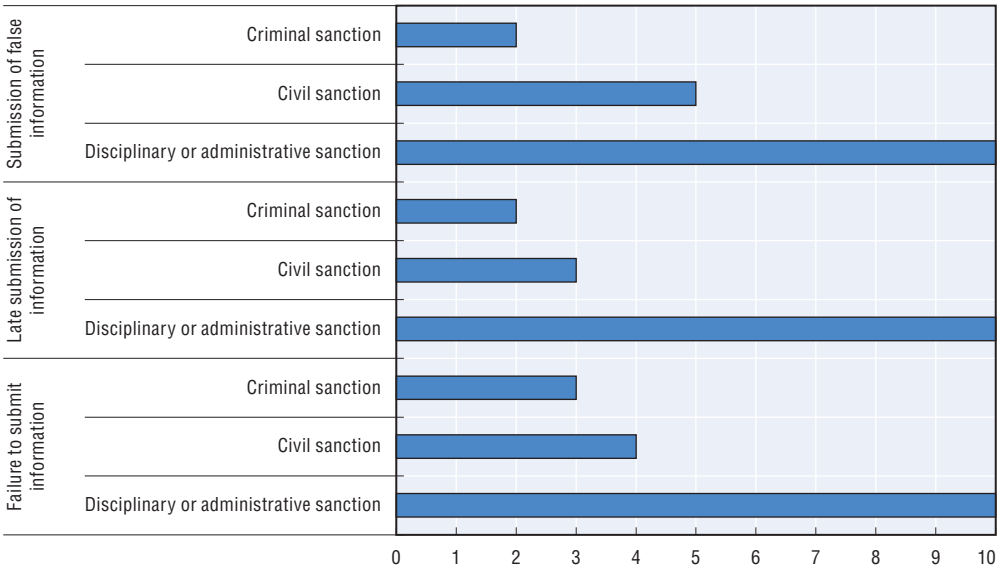
- Submission process: Failure to submit the declaration or late submission.
- Provided Information: incomplete statement of required information, inadvertently false statement, intentional false statement.

In Colombia, there are no clear sanctions applicable for not submitting the declarations or late submission. The submission of a declaration is currently a duty of the public official and as such, non-submission can be either a serious or slight breach. Concerning the provided information, Decree 2232 of 1995 in accordance with the Disciplinary Code (*Código Disciplinario Único*) establishes that public officials who declare false information commit a serious breach (*falta gravísima*) which can be sanctioned with dismissal and a general

disqualification for public service. However, given that the current verification process is limited, it can be doubted that sanctions are applied in reality, and no statistical information is available concerning sanctions applied for providing false information in declarations. As such, a serious imbalance exits and public officials could feel inclined to not submit the declaration rather than declaring their assets and interests.

Therefore, Colombia should clarify the sanctions related to the submission process, according to three types of failures: failure to declare, declare on time, and providing incomplete information. In most countries, these types of noncompliance involve administrative penalties or fines (Figure 2.7). For example, the French Law 2013-906 of 11 October 2013 on the transparency of public life provides for a range of sanctions – administrative, civil and criminal – for non-compliance. If a member of the national assembly (depute) fails to declare a substantial part of his or her assets or interests, or if he provides false valuation of his or her assets, this shall be punished by three years' imprisonment and a € 45 000 fine. In addition, he can also be banned on holding public office. If a declaration that has been filed is incomplete, or if the member of the national assembly has failed to respond to a request for clarification from the High Authority, this shall be punished by one year's imprisonment and a fine of € 15,000.

Figure 2.7. **Sanctions for public officials in case of violations of the disclosure requirements in 10 G20 countries**



Note: Data refers to sanctions in place in Australia, Canada, France, Italy, Japan, Korea, Mexico, Turkey, the United Kingdom and the United States
Source: G20 Working Group (2014), Good practices in asset disclosure systems in G20 Countries

Also, in Colombia, the extent of the sanction for declaring false information depends on whether the information was declared falsely with intent or not. While this gradual approach is positive, it could be difficult in practice. In practice, this could mean that very few public officials are charged, as the proving intent can be difficult. Therefore, in case of detected discrepancies, public officials should be asked to clarify the discrepancies. In cases in which discrepancies cannot be explained legitimately, Colombia would need to ensure that the inconsistencies detected are communicated with the law enforcement entities. In particular, information should be exchanged with the Financial Intelligence Unit (*Unidad de Información y Análisis Financiero*, or UIAF) and the Prosecutor General (*Fiscalía*

General de la Nación) in order to allow them to investigate and prosecute underlying offenses such as such as illicit enrichment.

Monitoring and evaluation

A system to oversee the public integrity policy could be set up by introducing tools and processes for effective monitoring and evaluation

Monitoring and evaluation are powerful tools to ensure organisational learning, responsive management and effective policy making. Monitoring the implementation, rather than merely the existence, of policies ensures that commitment to integrity is followed by action. Information about measures undertaken by different institutions or levels of government should be reported back, so that they can be centrally overseen, shared and improved.

In order for Colombia to make progress in developing its integrity tools and ensure continuous learning in the application of its integrity management framework that is currently developed, the DAFP – in co-ordination with the "integrity contact points" recommended above – could be given the responsibility to ensure the control and monitoring of the implementation of the new integrity management framework identified in previous recommendations. This should be applied in accordance to its current planning and monitoring guidelines, tools and practices. Currently, this would require incorporating integrity policies into the Integrated Model for Planning and Management (*Modelo Integrado de Planeación y Gestión*), and monitoring the implementation through the available form for reporting progress in management (*Formulario Único de Progreso en Gestión*, or FURAG) which is applied annually. The monitoring of these policies should also be considered in the currently developed Unified Model of Management (*Modelo Único de Gestión*).

Reliable information on which policies actually lead to measurable improvement in the concerned field is extraordinarily valuable for the design of new policies and adjustment of existing regulations. Carefully conducted evaluation can identify the impact of the effective implementation of integrity policies. To attribute changes in desirable outcomes to particular policies, valid comparison values are necessarily required. They can be approximated by conducting a baseline assessment of relevant indicators before the implementation of the policy. Pilot measures seeking to test new approaches or measures could be evaluated in a more rigorous way controlling for the counterfactual, e.g. through randomised control trials.

Considering that especially codes are inherently flexible instruments, monitoring their implementation is crucial to determine whether they reach the goal of promoting high standards of conduct within the public service. A measurement of value internalisation requires survey data. The National Administrative Department of Statistics (Departamento Administrativo Nacional de Estadística, or DANE) annually carries out a Survey on National Institutional Environment and Performance (*Encuesta Sobre Ambiente y Desempeño Institucional Nacional*, or EDI) addressed to public officials at the national level and enquiring into the perception related to the environment and performance of public entities in order to measure the institutional development of the country. The survey entails a section on "irregular practices", which includes questions on the effectiveness of specific integrity initiatives, on reporting mechanisms and on factors influencing the development of irregular practices. Further questions, that are identified to serve as indicators for the implementation or the effect of an integrity policy, could be amended to the survey.

Although the EDI provides useful information about a selection of integrity policies and mechanisms, no research has been carried out to determine how familiar public officials

are with the integrity values and standards of public service. The EDI could be strengthened based on international available good practices concerning integrity surveys (OECD, 2012b). In particular, when generating survey data, responses free of social desirability and cheap talk provided the most objective information. To achieve credible results, questions could assess the understanding of the code of conduct and ask respondents to apply them to a specific moral dilemma. If the data shows public servants to have not yet reached satisfactory intrinsic understanding of integrity values, further guidelines may be drawn up to clarify the values and standards of conduct that the code lays down.

Also, case numbers and reporting data can provide insights on the effectiveness of measures to promote ethical behaviour and prevent corruption and misconduct. While case numbers alone do not allow inference on a highly corrupted environment or effective reporting mechanisms, a time-consistent monitoring and regular evaluation of these numbers makes it possible to track changes and observe irregularities. However, performance evaluation requires a shift towards the development, monitoring and publication of key performance indicators that can help assess dimensions such as effectiveness, efficiency and timeliness. This is a worthwhile exercise to promote accountability and demonstrate commitment to integrity values by communicating to the public about the performance of enforcement mechanisms. No single indicator can be useful in isolation, but rather, a set of indicators must be assessed as a whole, accompanied by contextual information. Box 2.23 highlights some commonly used performance indicators from the field of justice which could be considered by the Colombian authorities.

As a consequence, Colombia could consider developing more targeted monitoring and evaluation mechanisms, including:

- systematically collecting data and information related to public ethics and conflict-of-interest policies policies;
- monitoring the implementation of its code of integrity through diagnostic tools such as surveys and statistical data (Box 2.24);
- extending existing surveys (e.g. EDI) to assess public employees' knowledge and internalisation of standards of ethics;
- reviewing how public organisations provide guidance on the code;
- defining long-term goals for selected integrity policies and undertaking baseline assessment of respective outcome indicators.

This data and information should be available in Open Data format and channelled by the respective institutions to the Observatory of Transparency (see chapter 1).

Publishing annual progress reports and developing clear and transparent indicators would ensure the monitoring and evaluation of the effectiveness of the asset and interest declaration system

Due to the fact that the disclosure system is tailored to the country context and corruption risks, the disclosure system will need regular assessment and fine-tuning (World Bank, 2017). The DAFP, or the PGN if it is decided to mandate the institution with the audit of the declarations, may consider regularly reviewing the disclosure system and the effectiveness of its implementation. This could be in the form of a survey. In this way, the principles of user friendliness, relevance, and balance, could be assessed. Furthermore, staff members responsible for the financial and interest disclosure system should be consulted on a regular basis to ensure that the information gathered allows identifying potential conflicts-of-interest situations.

Box 2.23. **Potential key performance indicators for evaluating administrative disciplinary regimes**

KPIs on effectiveness

- Share of reported alleged offences ultimately taken forward for formal disciplinary proceedings: Not all reported offences may be taken forward following a preliminary investigation of hearing; however, the share of cases not taken forward, especially when analysed by area of government or type of offence, may shed light on whether valid cases are successfully entering the disciplinary system in the first place.
- Appeals incidences and rates: A measure of the quality of sanctioning decisions and the predictability of the regime. Common metrics include the number of appeals per population (or civil servants liable under the disciplinary law) and cases appealed before the second instance as a percentage of cases resolved in first instance.
- Inadmissible or discharged cases: The share of cases declared inadmissible (as well as a disaggregation for what grounds were provided for dismissal) can be considered as an indication of the quality and effectiveness of procedures and government compliance with disciplinary procedures.
- Overturned decisions: A second common measure on the quality of sanctioning decisions is the share of appealed cases where initial decisions were overturned. This can signify, in addition to failure to follow proper disciplinary procedures, the sufficient proportionality of sanctions.
- Clearance rates: Another common indicator of effectiveness, clearance rates refer to the sanctions issued over the cases initially reported. Clearance rates serve as a proxy for identifying "leaky" systems, whereby cases reported are not brought forward and/or to conclusion.

KPIs on efficiency

- Pending cases: The share of total cases which are unresolved at a given point in time can be a useful indicator of case management.
- Average/median length of proceedings (days): The average length of proceedings for cases is estimated with a formula commonly used in the literature: [(Pendingt-1+Pendingt)/(Incomingt+Resolvedt)]*365.
- Average spending per case: Proxies for financial efficiency can include total resources allocated to the investigation and processing of administrative disciplinary procedures divided by the number of formal cases. Other methodologies include total spending on disciplinary proceedings per civil servant liable under proceedings.

KPIs on quality and fairness

- In addition to some of the aforementioned indicators (i.e. high appeals rates or admissible/dismissed cases could suggest poor procedural fairness), the following qualitative data could also prove useful. The Council of Europe has produced a "Handbook for conducting satisfaction surveys aimed at court users" that could offer insights for similar exercises on administrative disciplinary regimes:
- Perception survey data on government employees (including managers) on their perceptions of the fairness regime, the availability of training opportunities for them, etc.
- Perception survey data from public unions, internal auditors/court staff (for serious cases), etc.

Source: Council of Europe, CEPEJ (2015); Palumbo, G., et al. (2013), «Judicial Performance and its Determinants: A Cross-Country Perspective», *OECD Economic Policy Papers*, No.5, OECD Publishing, Paris, *http://dx.doi.org/10.1787/5k44x00md5g8-en*.

Box 2.24. **Monitoring of the implementation of code of ethics in Poland**

A survey known as the monitoring of "Ordinance no. 70 of the Prime Minister dated 6 October 2011 on the guidelines for compliance with the rules of the civil service and on the principles of the civil service code of ethics" was commissioned by the Head of the Civil Service (HCS) in 2014. The HCS is the central government administration body in charge of civil service issues under the Chancellery of the Prime Minister.

The survey was given to three groups of respondents:

1) Members of the civil service corps

In this case the survey pertained, on one hand, to the degree of implementation of the ordinance in their respective offices and, on the other hand, to their subjective assessment of the functioning and effectiveness of the ordinance. The members of the civil service corps were asked to complete a survey containing 16 questions (most framed as closed questions, with a few allowing for comments). The questions pertained to the following issues, among others:

- knowledge of the principles enumerated in the Ordinance
- impact of the entry into force of the Ordinance on changes in the civil service
- the need/advisability of expanding the list through the addition of new rules
- comprehensibility/clarity of the guidelines and principles laid down in the Ordinance
- the usefulness of the Ordinance for the purposes of solving professional dilemmas.

In addition, the correct understanding of the principle of "selflessness" and "dignified conduct" as well as the need to provide training in the field of compliance were also assessed. The surveys were available on the website of the Civil Service Department. The respondents were asked to respond and submit the survey electronically to a dedicated e-mail address.

2) Director Generals, directors of treasury offices and directors of tax audit offices

In this case the survey was intended to verify the scope and manner of implementation of tasks which they were under duty to perform according to the provisions of the ordinance, including, for example:

- the manner in which compliance with the rules in the given office is ensured
- information on whether the applicable principles were complied with when adopting decisions authorising members of the civil service corps to undertake additional employment or authorising a civil service employee occupying a higher position within the civil service to undertake income-generating activities
- the manner in which the principles in question are taken into account in the human resources management programmes which are being developed
- the manner in which the relevant principles were taken into account in the course of determination of the scope of the preparatory service stage, etc.

3) Independent experts – public administration theorists and practitioners

In this case the survey was intended to obtain an additional, independent specialist evaluation of the functioning of ethical regulations within the civil service, to obtain suggestions on the ethical principles applicable to civil service and to identify the aspects of the management process which may need to be supplemented or updated, clarified or emphasised to a greater extent or even corrected or elaborated.

The response rate differed across the three groups. The HCS received 1 291 surveys completed by members of the civil service corps (the number of surveys completed represents approximately 1% of all civil service corps members), 107 surveys dedicated to the directors (that is, 100% of all directors generals, directors of treasury offices and directors of tax audit offices (98 in total). Other surveys, filled in on a voluntary basis by the head of the tax offices, and seven replies from independent experts, or approximately 13% of all experts invited to the study, were also received. Given that this survey was the first such an exercise conducted at a large scale, information gathered could be used in further developing the integrity policy in the Polish civil service system.

Source: Adapted from the presentation by the Polish Chancellery of the Prime Minister at the OECD workshop in Bratislava in 2015.

The DAFP, or the PGN, could also consider to annually report on the effect of the disclosure system by publishing statistics on complaints received, media reports, cases notified by other authorities, cases referred, casas with data being corrected, verification checks and audits, sanctions, open and closed investigations and data on court decisions. Similarly, the financial and human resources costs should be compiled to evaluate the cost-effectiveness of the system. Again, these statistics should be channelled also through the Observatory of Transparency.

Proposals for action

To conclude, the chapter recommends Colombia to take the following actions to build and strengthen culture of integrity in the public administration.

Building a normative and organisational integrity framework for the Colombian administration

- The Administrative Department of the Public Service (DAFP) should lead the promotion of a culture of integrity in the public administration, counting with the required organisational, financial and human resources and co-ordinating with other relevant actors through the National Moralisation Commission.
- To ensure an effective implementation of integrity policies throughout the public administration, the DAFP could consider establishing integrity contact points (units or persons) within each public entity.
- The public integrity management framework currently developed by the DAFP should be based on risks, apply to all public employees independent of their contractual status, define public values, and provide guidance and procedures for conflict-of-interest situations and ethical dilemmas.
- The current development of an integrity management framework has opened the opportunity to revise existing codes at organisational level in a participative way, and to ensure a more effective implementation of these Organisational Integrity Codes aimed at changing behaviours.

Developing capacities and raising awareness for integrity

- To enhance the academic independence of the National School of the Public Administration (ESAP), the appointment procedure of its Director could be reviewed and associated with a system of checks and balances.
- In order to reach national and international standards of academic excellence, the ESAP should introduce mechanisms to establish a transparent and competitive hiring process for its staff.
- DAFP and ESAP need to improve co-ordination to ensure consistency between policy and training and to develop general induction trainings on integrity for all public officials, as well as specialised modules for senior managers and public officials working in specific at-risk positions.
- Regular awareness-raising activities should be organised to communicate ethical duties and values internally within the organisation as well as externally to the whole of society.

Anchoring integrity in Human Resource Management

- Perceived organisational fairness is crucial for establishing an organisational culture of integrity; as such, Colombia should ensure the fairness and integrity of its human resource management policies by improving its merit-based recruitment procedures at all levels.
- Integrity criteria for job positions could be included, and candidates tested on ethical values during the selection process; in addition, the commitment to the organisation's values could be required by all applicants seeking to apply for positions.
- The National Civil Service Commission (CNCS) could include integrity as a performance indicator to incentivise ethical behaviour.
- The DAFP could develop a mentoring programme for public officials at the junior level to encourage the development of ethical capacities and build a pool of ethical leaders for the future.

Safeguarding integrity through an effective financial and interest disclosure system

- Prioritising the objective of prevention of abuse of function, Colombia could expand the information related to possible conflict-of-interest situations requested in the current asset declaration system.
- Narrowing down the circle of public officials required to submit an asset and interest declaration to those in senior positions and those representing a higher corruption risk, e.g. Politically Exposed Persons (PEP), would ensure that no culture of distrust is created and improve the system's cost-effectiveness.
- A communication strategy should clarify the conceptual overlap between the financial and interest disclosure system and the ad hoc disclosure of conflict-of-interest situations, and remind public officials of their obligation to declare their interests and assets both in the system and ad hoc.
- Given that no authority in Colombia has currently the mandate to verify and audit the financial and interest disclosures, Colombia could give one agency, for example the Inspector General, the mandate to ensure an effective verification including the right to cross-check information, or make parts of the declarations publically available to enable control by citizens.

Ensuring effective enforcement responses to integrity violations

- To ensure the credibility of the ethics and conflict-of-interest framework, public officials have to be held accountable for breaches; this requires coherence and consistency between the integrity management framework and the disciplinary system.
- Non-compliance with the duties of the financial and interest disclosure system should be made sanctionable to guarantee public officials' adherence to the system.

Monitoring and evaluation

- A system to oversee the public integrity policy could be set up by introducing tools and processes for effective monitoring and evaluation.
- Publishing annual progress reports and developing clear and transparent indicators would ensure the monitoring and evaluation of the effectiveness of the asset and interest declaration system.

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Chapter 3

Taking a risk-based approach to strengthen integrity and mainstream internal control in the Colombian public governance system

This chapter highlights the added value of a robust, contemporary internal control system in mitigating the challenges of allocating scarce resources and delivering impact for Colombian citizens. Risk management is the driving force behind governments' efforts to deal with uncertainties and threats, including fraud and corruption risks, which hamper the achievement of the strategic objectives of public organisations. The internal audit's role is to provide reasonable assurance that management systems and defence arrangements are properly set to address low performance, wrongdoing, fraud and corruption.

A solid internal control framework is the cornerstone of an organisation's defence against corruption, and consists of processes, policies, devices, practices or other activities which act to minimise negative risks or enhance positive opportunities. This can include all tangible and intangible factors that enable an organisation to identify and appropriately respond to both internal and external uncertainties, whether these are operational, financial, or compliance-related. An effective internal control framework should ultimately help the organisation comply with its mandate and any relevant legislation, safeguard an organisation's assets, and facilitate internal and external reporting.

While it is senior managers who are primarily responsible for implementing internal controls and monitoring their effectiveness, all officials in a public organisation – from the most senior to junior staff- – have a role to play in identifying risks, deficiencies and ensuring that internal controls address and mitigate these in a cost-effective manner. Indeed, every staff member should be encouraged to continuously contribute to the development of better systems and procedures that will enhance integrity and improve the organisation's resistance to corruption.

Internal audit is the next pillar of defence against corruption and provides objective assurance that risk management and internal controls are functioning properly. A proper internal audit monitoring and assurance function ensures that internal control deficiencies are identified and communicated in a timely manner to those actors responsible for taking corrective action. The monitoring process more concretely involves establishing a solid approach for designing and executing monitoring procedures that are prioritised based on risk, assessing and reporting the results, including following up on corrective action where necessary.

It is important to note that, while risk, control and audit functions are essential in the fight against corruption, they are also necessary ingredients for greater accountability, better management and cost-effectiveness. To this end, controls help organisations run more smoothly, reduce costs, and avoid waste. They also help hold public officials to account for their actions and to report to the public and oversight institutions on performance and value-for-money achieved.

Colombia's Administrative Department of the Public Service (*Departamento Administrativo de la Función Pública*, or DAFP) is the entity responsible for developing and overseeing policies, standards and tools on internal control, including the risk management and internal audit functions.

This chapter examines the maturity and integration of internal control processes and activities. It also looks at the assignment of roles and duties in Colombia's public administration in respect to these functions along the three lines of defence model. Thirdly, it considers the extent to which they are based on the principles of risk management, balanced and cost-effective controls, and effective assurance oversight.

Embedding fraud and corruption risk management in Colombian public organisations

The DAFP should further engage in a risk-based approach as the bedrock to consolidate a control environment that is non-conducive to fraud and corruption

In many OECD member and partner countries, fraud and corruption control is designed around reactive measures since the real action starts once an incident is discovered following which an investigation is conducted and appropriate disciplinary or other action is taken against employees and external parties involved. In those entities, little or no emphasis is placed on the need for introducing proactive fraud and corruption risk management mechanisms. Proactive fraud and corruption risk management aims to support public organisations in achieving their mission and strategic goals by ensuring that taxpayers' money and government entities serve their intended purposes. A properly conducted risk assessment is the bedrock of understanding the vulnerabilities of a system and put in place the right (i.e. proportionate and effective) controls to deal both with inherent but mainly with residual fraud and corruption risks. A solid fraud and corruption control strategy should detail the entity's intended actions in implementing and monitoring the entity's fraud and corruption prevention, detection and response initiatives.

The European Anti-Fraud Office (OLAF) is clearly highlighting the value of all public organisations to engage into concrete actions to proactively address fraud and corruption risks (Box 3.1).

Box 3.1. **The European Commission's Anti-Fraud approach**

The European Anti-Fraud Office (*Office Europeéen de Lutte Antifraude*; OLAF) recommends that public organisations adopt a proactive, structured and targeted approach to managing the risk of fraud and corruption. For all organisations using public funding, the objective should be proactive and proportionate anti-corruption measures with cost-effective means.

All public entities should be committed to zero tolerance to fraud, starting with the adoption of the right tone from the top. A well-targeted fraud risk assessment, combined with a clearly communicated commitment to combat fraud can send a clear message to potential fraudsters. It should be noted that effectively implemented robust control systems can considerably reduce the fraud risk but cannot completely eliminate the risk of fraud occurring or remaining undetected. This is why the systems also have to ensure that procedures are in place to detect frauds and to take appropriate measures once a suspected case of fraud is detected.

A dedicated fraud and corruption risk management framework can provide a holistic approach on how public organisations can set up their defences to effectively prevent, detect and respond to fraud and corruption acts.

Source: http://ec.europa.eu/regional_policy/en/information/publications/guidelines/2014/fraud-risk-assessment-and-effective-and-proportionate-anti-fraud-measures

In Colombia, anti-corruption risk management became obligatory for all public entities in 2011 with Law 1474, the Anti-corruption Statute. Corruption risk identification and assessment started as an add-on exercise in 2012, promoted by the Transparency Secretariat (*Secretaría de Transparencia*, or ST). From the beginning, the methodology was widely based on the existing internal control model (i.e. *Modelo Estándar de Control Interno*, or MECI). Based on the experiences after engaging in this exercise, a second version of the

methodology has been issued in 2015 that aligns even better and more explicitly with the MECI as the latter was revised after the introduction of the COSO 2013 Internal Control-Integrated Framework.

Having two separate exercises for mapping and assessing on the one hand institutional-business risks and on the other hand corruption risks comes along with both strong and weak points. Currently in Colombia, although the two methodological approaches are quite aligned and based on the same principles, many institutions stated that they are developing two different sets of risk registers and maps for each one of these risk categories. This is also due to the different reporting channel requiring that the corruption risk maps be sent to the Transparency Secretariat. Unavoidably, this comes along with potential duplications, overlaps and waste of resources depending on how these two exercises are conducted in practice.

In turn, having a dedicated fraud and corruption risk assessment procedure signals the importance, across government, of effectively managing these risks at the entity level. Heads of institutions and other politically appointed personnel as well as civil servants become aware of the importance of this exercise for strengthening integrity and accountability arrangements. This does not mean that the corruption risk management competes in any way with the institutional risk management function. They are both important elements of the public governance systems and the ultimate goal is to integrate these processes in day-to-day operations. According to DAFP, in practice, entities are advised that the institutional risk map must be one, and must integrate both corruption and operational risks, which may affect the achievement of the entities' objectives.

Therefore, to benefit from the synergies and further align both exercises while reducing transaction costs, Colombia could consider gradually integrating even more corruption risk management into the MECI processes and activities.

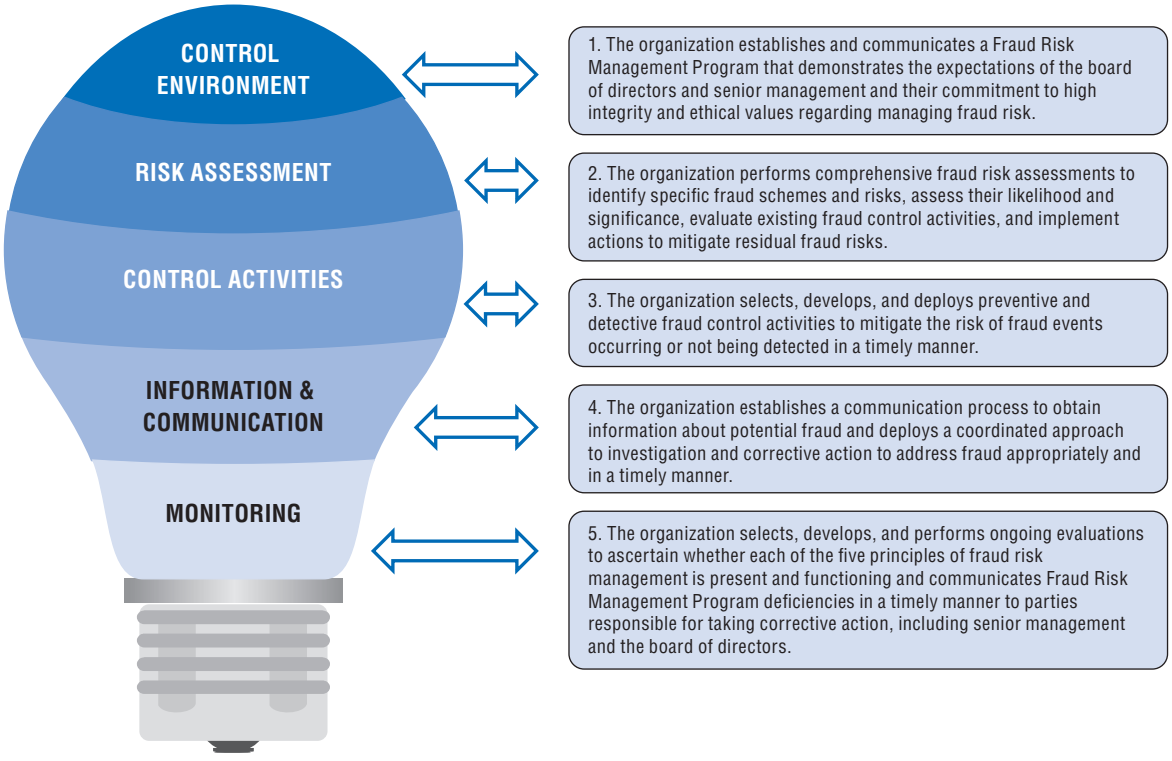
The following figure from the COSO/ACFE's Fraud Risk Management Guide clearly links the 17 principles of the COSO 2013 Internal Control-Integrated framework, which despite the differences are to a large extent reflected in the last version of the MECI, with the five (5) anti-fraud principles of this guidebook (Figure 3.1). This approach illustrates the close relationship between the internal control arrangements and an effective fraud and corruption risk management strategy.

The Planning Unit in each public entity is responsible for supervising both the MECI and the corruption risk-mapping process. Interviews with Heads of the internal control offices (*Oficinas de Control Interno*, or OCI) from different public organisations indicated a solid understanding of the need to directly involve the line managers and staff, i.e. the risk owners, in the risk assessments and relevant activities. OCIs, on the other hand, are responsible for providing assurance over the quality of the whole process and ensuring that risks are identified, assessed and properly mitigated as part of the functions of the first and second lines of defence.

The institutional and operational arrangements concerning corruption risk management in entities that are regulated and supervised by the Financial *Superintendencia* (*Superintendencia Financiera de Colombia*), like the National Fund for Development Projects (*Fondo Financiero de Proyectos de Desarrollo*, FONADE), seem to be very well structured and implemented. Indeed, these entities are subject to stricter rules, in general have more advanced management systems, and have more advanced internal control and risk management processes because of corporate governance requirements and relevant regulations and international good practices (such as the OECD/G20 corporate governance guidelines). It is important to note that FONADE's fraud and corruption risk assessment

(SARFC) is part of the broader enterprise risk management system which also involves other risk categories like operational risks (SARO) and money laundering and financing terrorism risks (SARLAFT). In addition to the Planning Unit which is responsible for risk management, as it is the case in other Colombian public organisations, in FONADE we also encounter a dedicated Risk Committee.

Figure 3.1. **Linking the COSO 2013 Internal Control-Integrated Framework components with COSO's Fraud Risk Management Guide's principles**



Source: Adapted from COSO 2013 Internal Control-Integrated framework and COSO's 2016 Fraud Risk Management Guide.

The integrity attributes of the internal control environment need to be strengthened and the right tone at the top demonstrated to create the necessary preconditions for effectively managing fraud and corruption risks

As mentioned above, managers are primarily responsible for designing and establishing a solid control environment demonstrating the entity's commitment to ethical values. However, when it comes to implementing concrete integrity attributes and tools (e.g. code of ethics requirements, disclosing conflict-of-interest situations, ethical dilemma trainings etc.) everyone has a role, from senior and middle management to the staff. The organisation's ethical values, and the processes and procedures underpinning those values have to be communicated, applied and, if necessary, enforced throughout the organisation. This is not an easy task. Human perceptions and behaviour can influence the actual implementation of policies and ethical codes.

As emphasised in chapter 2, for public servants to understand the difference between getting a copy of the code when entering the organisation and actually contributing to a sustainable and functional ethical control environment, raising awareness and training activities across the entity over integrity requirements and ethical standards should be an

absolute priority for Colombia. Furthermore, management needs to measure, monitor, and in case of undesired conduct by staff, act and communicate its prompt reaction. Managing the control environment should not be done ad hoc but should be part of planning, daily operations, and standard evaluation and monitoring processes. Internal auditors, as "key agents of change" in the organisation, should assess the control environment as part of their assurance mandate, and motivate management to address flaws and inefficiencies regarding the effectiveness and the maturity of the control environment. Box 3.2 depicts concrete measures that Colombia could adopt or strengthen, if already applied, towards an optimal anti-corruption control environment.

In addition to the recommendations in chapter 2, Colombia could also ensure, through further sensitising and training, that politically-appointed personnel, public managers, civil servants and especially public servants working in planning units and OCIs recognise corruption and integrity violations as a threat to the internal control environment.

Box 3.2. **Key measures towards developing a non-conducive to corruption environment**

- All management plans, regardless of level, should reflect the organisation's values and ethics
- Requiring an individual "ethical contract'" or code of conduct to be signed between recruiter and recruit at the moment of first entry into service and periodical (e.g. annual) re-signing
- Dilemma training during which the organisation's values are explained in very concrete situations (for all levels of the organisation, including management)
- Workshops on ethics and values including some especially for senior and middle management
- HR procedures for hiring, evaluation and dismissal must reflect and openly support the organisation's mission and values
- The organisation's values are included in function profiles and job descriptions
- Ethical clauses in procurement processes and in contracts with external suppliers
- Ethics co-ordinators with specific responsibilities to promote and enhance awareness of ethics
- The key values of the organisation are publicly displayed
- Developing a process to report suspected violations of the organisation's code of conduct

Source: Public Internal Control Systems in the European Union, Position Paper 2015

Efforts to further tailor and mainstream awareness-raising and training activities could include the following:

- To move towards further aligning the corruption and integrity risk assessment with the MECI risk assessment procedure, the methodology for corruption risk mapping could become part of standard MECI capacity building and training seminars.
- Building on past experiences, specific modules on preventing, detecting and responding to corrupted practices could be additionally developed in collaboration with Academia and the Higher School of Public Administration (*Escuela Superior de Administración Pública*, or ESAP). This should be tailored to the needs of planning units personnel, staff of OCIs as

well as senior public managers, especially those in high-risk areas like human resource and financial management as well as public procurement.

- These modules should emphasise the wide variety of corrupt practices and types of integrity violations to ensure that these are identified as risks by public officials and that adequate and cost-effective controls are put in place.
- The Colombian public administration policies should emphasise the value of taking up role model and the tone-at the top for promoting ethics. Concrete actions could include:

1. Screening managers on traits favouring ethical behaviour and testing ethical compliance during management selection procedures;
2. Seminars and awareness campaigns on ethics and values for management both collectively and individually;
3. Self-assessment tools for managers (evaluation questionnaire) including ethical aspects;
4. 360° evaluations for senior managers as well as managers in high risk positions (with evaluations including ethical aspects)

The concrete role and responsibilities of Internal Control Offices in preventing, detecting and responding to fraud and corruption schemes need to be better defined

The leading fraud and corruption risk management models among OECD member and partner states underscore that the primary responsibility for preventing and detecting corruption rests with the management and the staff of public organisations (first and second line of defence functions), as well as with enforcement agencies such as police and anti-corruption institutions. Internal audit units should not prioritise on tackling fraud and corruption but rather on fostering an environment that is not conducive for this kind of schemes. Moreover, internal auditors should not be directly involved in fraud and corruption investigations.

The OCIs in Colombia undertake the role of a contemporary internal audit function as an assurance provider residing in the third line of defence within the overall institutional internal control system. By contributing advice and insight into an organisation's overall governance framework, internal auditing plays a vital role in being an agent of positive change in an organisation and prevents the occurrence of fraud and corruption. Therefore, the OCIs can play a strong, value-oriented, and objective role in corruption awareness and prevention, although they should not be considered as the primary responsible actors. In this framework, the role of the OCI's staff in corruption risk management should be carefully defined to avoid duplications and gaps in the control arrangements.

The role of OCIs with respect to investigating cases of fraud or corruption should also be clearly defined in the internal audit charter. In any case that internal audit accepts some form of responsibility for risk management in these areas, this should be defined in the charter making clear that the work is not carried out as part of the internal audit role and identifying how internal audit independence and objectivity is safeguarded. In Colombia, it seems that in some cases politically-appointed personnel and senior public managers expect the internal audit to be more actively involved in managing fraud and corruption risks.

The international internal audit standards (IIA, International Professional Practices Standards) recognise the importance of fraud-risk management and that internal auditors have an important role to play. However, this role focuses on providing assurance. The internal audit role is not to manage fraud risks on behalf of the organisation, but to provide an assurance that all risks, including fraud and corruption risks, are being managed effectively.

If, during an audit assignment, staff of the OCI identify control weaknesses that could allow fraud, or find evidence that fraud has been, or is being, perpetrated, they should be able to refer to the relevant internal audit procedures on handling suspected fraud and consult the organisation's fraud response plan, which has to be put in place. This will normally identify what they need to do and whom they need to alert.

In this framework, the heads of OCIs may need to extend the audit work and design additional tests directed towards identifying activities which may be indicators of fraud and carefully examine the available evidence in order to decide whether there is clear evidence of fraud to recommend an investigation. A key consideration would be at what point to alert management (e.g. staff with designated anti-fraud responsibilities or a Money Laundering Reporting Officer). This will be an important decision for the Head of the OCI based upon the individual circumstances and the formally established policies, procedures and responsibilities in the respective public organisation.

The Institute of Internal Auditors' International Professional Practice Framework (IPPF) defines fraud as "any illegal act characterized by deceit, concealment, or violation of trust (…) perpetrated by parties and organisations to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business advantage". The Institute of Internal Auditors' Standard 2110 on Governance (IPPF 2015) specifically refers to the responsibility of internal audit to evaluate the existing situation and submit appropriate recommendations to improve the governance in order to promote the right ethical values and principles inside the entity. Furthermore, there is a practical guide on Evaluating Ethics-related Programs and Activities (IIA 2012).

The following principles relate to the role of Internal Audit in responding to fraud and corruption risks (IIA's IPPF):

- 1210.A2 (Proficiency): "Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation, but are not expected to have the expertise of persons whose primary responsibility is detecting and investigating fraud".
- 1220.A1 (Professionalism): "Internal auditors must exercise due professional care by considering the Probability of …, fraud, or … "
- 2060: "Chief Audit Executives (CAE) must report periodically to senior management and the board … on fraud risks … "
- 2120.A2 (Risk Assessment): "The internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk";
- 2210.A2 (Engagement Objectives): "Internal auditors must consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives".

Colombia should therefore ensure that the internal audit charter clearly defines the procedure for communicating corruption cases and financial violations to the competent authorities internally and externally, i.e. the disciplinary internal control, the Comptroller General (*Contraloría General de la República*, or CGR), the Inspector General (*Procuraduría General de la Nación*, or PGN), and the General Prosecutor (*Fiscalía*). This should be done within a limited time period from the date of case detection or event occurrence.

Beyond these reporting procedures, internal audit should focus on a proactive approach through risk-based internal audit techniques by detecting red flags and symptoms of corruption. Audit tools and techniques to detect corrupt activities can include the evaluation

of internal controls such as administrative controls and accounting; data mining with the use of Computer-Assisted Audit Techniques (CAATs); data gathering tools such as interviewing, observations questionnaires, checklists and sampling; and analytical reviews such as ratio analysis and variance analysis.

While conducting audit missions, the auditors should act to identify fraud and corruption indicators that can be recognised in most of the core business processes. To be successful in recognising these indicators, auditors must rely on their technical experience, professional judgment and good understanding of how potential fraud and corruption acts can be committed. Audit strategies should target areas and operations prone to fraud and corruption by developing effective risk indicators (red flags). To enhance auditing skills and capacity for fraud detection, Colombia could consider developing "Fraud Auditing Guidelines" to standardise and mainstream anti-fraud processes and equip internal auditors with methodological standards and tools. The following box provides a quick overview of the United Kingdom's approach to the tasks of internal audit in relation with fraud and corruption (Box 3.3).

Box 3.3. **Role of internal audit in fraud and corruption**

It is not a primary role of internal audit to detect fraud and corruption. Internal audit's role is to provide an independent opinion based on an objective assessment of the framework of governance, risk management and control. In doing so, internal auditors may:

- Review the organisation's risk assessment seeking evidence on which to base an opinion that fraud and corruption risks have been properly identified and responded to appropriately (i.e. within the risk appetite). • Provide an independent opinion on the effectiveness of prevention and detection processes put in place to reduce the risk of fraud and/or corruption.
- Review new programmes and policies (and changes in existing policies and programmes) seeking evidence that the risk of fraud and corruption had been considered where appropriate and providing an opinion on the likely effectiveness of controls designed to reduce the risk.
- Consider the potential for fraud and corruption in every audit assignment and identify indicators that crime might have been committed or control weaknesses that might indicate a vulnerability to fraud or corruption.
- Review areas where major fraud or corruption has occurred to identify any system weaknesses that were exploited or controls that did not function properly and make recommendations about strengthening internal controls where appropriate.
- Assist with, or carry out investigations on management's behalf. Internal auditors should only investigate suspicious or actual cases of fraud or corruption if they have the appropriate expertise and understanding of relevant laws to allow them to undertake this work effectively. If investigation work is undertaken, management should be made aware that the internal auditor is acting outside of the core internal audit remit and of the likely impact on the audit plan.
- Provide an opinion on the likely effectiveness of the organisation's fraud and corruption risk strategy (e.g. policies, response plans, whistleblowing policy, codes of conduct) and if these have been communicated effectively across the organisation. Management has primary responsibility for ensuring that an appropriate strategy is in place and the role of internal audit is to review the effectiveness of the strategy.

Source: United Kingdom, HM Treasury (2012), *Fraud and the Government Internal Auditor*, January 2012.

Some concrete proposals for framing the role of internal audit in managing fraud and corruption risks could include the following actions:

- While conducting audit missions, OCIs staff becomes aware of typical corruption scenarios and red flags that may be inherent to individual processes. This information can be used to develop training material for managers and staff in the respective operations area.
- Internal auditors can serve as expert content providers for online training development (e.g. code of conduct, conflict of interest, harassment etc.) and corruption education websites providing information to process owners on types of corruption and the root causes for potential corruption acts in a process. This site can provide information about the impact of poor segregation of duties and typical "red flags" for low efficiency controls within particular business processes.
- Internal auditors can also support process reengineering and development by providing insights on control points in the process that may present opportunities for corruption, if not properly managed.
- Internal audit may perform a level of fraud risk assessment in the framework of developing its annual audit planning. Although not responsible for entity wide risk assessment, OCIs personnel can act as impartial experts and facilitate meaningful discussions between different business areas to mitigate the "silo" approach effect and vet out corruption risks

The use of data analytics and big data could be further explored and leveraged to strengthen transparency and support a pre-emptive risk-based approach to tackle fraud and corruption

The risk management exercise heavily depends on the capacity and the knowledge of the staff involved as well as the quality of the data and input used in each one of the relevant activities, i.e. risk identification and assessment, evaluation of the effectiveness of existing controls, identifying corruption patterns and historical trends. As operational, governance and control data become more readily available, internal auditors, risk officers and line managers should work together to identify data streams that can be monitored and analysed for uncertainties and anomalies.

Forensic Data Analytics (FDA) can be a valuable ally in preventing and detecting fraud and corruption by leveraging the available information in government data assets. It enables identification of meaningful patterns and correlations in existing historic data to predict future events and assess the reasons for various fraudulent activities. Advanced or less mature FDA tools are currently in use in several public organisations with positive impact in curbing corruption. One of the biggest challenges lies with the fact that many of the government data are rather unstructured and thus difficult to be combined and assessed. In most public organisations, data exists in structured (simple or more sophisticated databases) and unstructured forms (e-mails, word processing documents, multimedia, video, PDF files, spreadsheets, social media). Forensic unstructured analytics techniques can turn raw data into formats that can be used to generate evidence-based information to prevent or detect fraudulent and corrupted practices. The 2014 Association of Fraud Examiners (ACFE) report identifies the proactive data monitoring/analysis as one of the most effective tools for anti-corruption control, reducing losses due to corruption and the duration of corruption schemes. Moreover the 2016 ACFE report highlighted that 36.7% of victim organisations that were using proactive data monitoring and analysis techniques as part of their anti-fraud program suffered fraud losses that were 54% lower and detected the frauds in half the time compared to organisations that did not use this technique.

The following box illustrates a concrete application of the added value of using data analytics to tackle health sector corruption (Box 3.4).

Box 3.4. **Detecting health corruption through «fraud audit» in Calabria, Italy**

In Calabria, countless investigations in healthcare have corruption as both a crime and a conspiracy, including mafia infiltration. In his report to the Italian Parliament on 27 February 2009, Renato Brunetta, then Minister of Public Administration and Innovation, showed that Calabria was in first place for corruption in healthcare. Still, much corruption remains hidden; despite the Laws on Checks and Controls, healthcare organisations previously lacked a comprehensive system of control of both administrative and economic performance.

Corruption in public administration is a very complex problem from many facets. In general, the employee, the manager or the general manager of a public body which deliberately violates the laws to reap illicit proceeds from the management of public funds, does not act alone. Corruption is based on the system of so-called complex networks at multiple levels. In order to unearth illegal activities and permit action to be taken, the Business Information Service (BIS) devised a methodology, implemented by the Provincial Health Authority of Catanzaro, which uses data management to locate administrative and accounting fraud in health companies. With a budget of around EUR 12 000 a year and 8 staff, the 'fraud audit' of Catanzaro employs internal controls and a set of IT-centred procedures and techniques to programme and subsequently monitor business operations in order to find clues to the possible mechanisms of corruption, in three areas:

- First, systematic analysis was made of accounting documents and supplier invoices to discover double-billing, invoices not due, and higher-than-contractual invoiced amounts. Special software developed by the BIS was employed to apply Benford's Law (which compares the frequency with which numbers actually appear with expected patterns) to analyse the distribution of all the figures related to invoice number, date and amounts for each health company. Risk of corruption was identified in 0.1% of the 12 000 documents checked. Follow-up found invoices for two companies with the same number but different dates, an invoice for purchasing disposable razors with the purchase order priced at EUR 9.00 per piece rather than the contracted cost of EUR 0.084, and increases in the cost of supply for chemical analysis slides and electrolyte solution between award and supply of 50 times and 100 times respectively.

  Second, tenders for the supply of goods and services were evaluated where the number of participating companies was less than three, to discover contract awards at risk of illegitimacy. In ten cases, tender
- awards had been made with the participation of a single company; in those cases where an offence was revealed, the matter was remitted to the competent authorities.
- Finally, monitoring of violations of the computer network through a special "sniffer" programme uncovered data theft and hacking by both internal and external sources. This exposed two healthcare services company that were bypassing the system of firewalls and proxies, and which was referred to the police for investigation.

Source: European Commission (2015), Quality of Public Administration-A Toolbox for Practitioners, April 2015

There is strong evidence that public organisations in OECD member states benefit from introducing data analytics tools and techniques to enhance their ability to (IIA's Global Technology Audit Guide):

- Identify internal control system weaknesses;

- Examine 100% of transactions compared to sampling;
- Compare data from different applications;
- Perform tests designed for fraud detection and control verification;
- Automate tests in high-risk areas and
- Maintain logs of analytics performed.

Data analytics can support Colombia in its effort to ensure that corruption risk management is not limited to a stand-alone exercise. Data mining and data matching techniques will allow Colombian public organisations to fully identify all potential risks and to use structured and unstructured data to better understand the potential impact of a range of risks. By embedding data analytics into the risk governance function, Colombian administration could monitor performance through risk sensitivity analysis, model key risk events scenarios, and become more risk intelligent in developing intervention and mitigation strategies. The following box depicts the basic steps of using data analysis of predefined fraud tests to facilitate continuous monitoring and auditing techniques (Box 3.5).

Box 3.5. **Using data analytics to tackle fraud and corruption**

1. Fraud test definition

Define the fraud indicators you wish to test for based on experience, typical business rule limits and common fraud schemes.

2. Data Identification and Extraction

Identify source IT system(s) which store the data required and extract this data in a controlled environment. The data required for testing should be formally requested.

3. Data Cleansing

Clean the data and convert to a format suitable for analysis.

4. Data Analysis

Translate the fraud tests into suitable technical data tests and perform analysis using data interrogation techniques to identify unusual trends, data anomalies.

5. Reporting and Monitoring

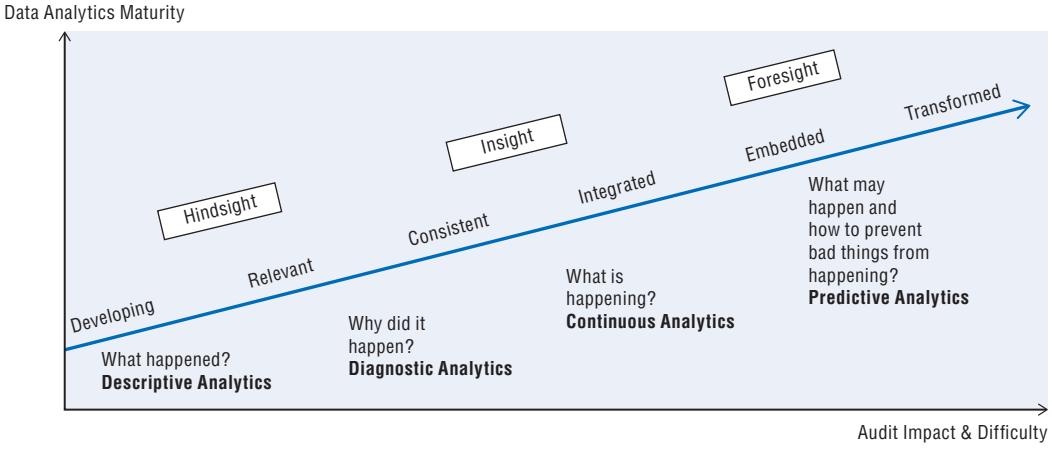
Business-focused reports which are easy to understand, summarise results and provide data insights for process owners. If required, the tests can be re-performed on a periodic basis to facilitate continuous monitoring.

Source: Office of the Comptroller General of Canada, "Designing and implementing tailored control activities to detect and prevent potential corruption schemes – Experiences from Canada", presentation during workshop on "Modernising Internal Audit", December 2016.

Especially in the area of tackling corruption, the process involves gathering and storing relevant data and mining it for patterns, discrepancies, and anomalies. In the era of digitisation and e-government almost every single corrupted act leaves behind a trail of digital fingerprints. Leading public organisations in corruption prevention are taking advantage of new tools and technologies to harness their data to sniff out instances of corruption, ideally before they fully unfold. Data analytics can enhance traditional rule-based methods to detect wrongdoing and also provide the evidence to assess performance of

existing controls for constant improvement since potential perpetrators and corruption schemes are unrelenting and constantly evolving. Using data analytics enable to find root issues, identify trends, and provide detailed results. Figure 3.2 illustrates the different maturity levels of data analytics' contribution to design evidence-based fraud and corruption risk mitigation strategies.

Figure 3.2. **Moving from descriptive to prescriptive data analytics**



Source: OECD

Data analytics techniques are not strictly associated with complicated and expensive infrastructure and structured data assets. The following box provides a brief overview of Benford's law which has been proven a valuable tool to detect fraudulent and corrupted behaviour. Benford's law can be applied by using a simple excel sheets, which is commonly used by internal auditors in their daily operations to identify unusual data patterns that may signal the presence of fraud and corruption (Box 3.6).

To promote the use of data analytics techniques and tools, Colombia could therefore establish a working group to assess capability and technology, and identify a pilot organization to realise measurable "quick wins". Furthermore, conducting consultation workshops with OCIs heads and staff to map down the current state of data analytics and identify opportunities and concrete steps to move forward could build awareness and support from auditors, management and staff dealing with fraud and corruption risks. The pilot should test implementation tools and infrastructure and provide evidence of quantified impact and benefits. The roll-out phase should include additional pilots and concrete steps to incorporate data analytics into corruption risk assessment and audit planning. In this action plan some concrete activities could include.:

- Heads of the OCIs must be in the forefront of demonstrating the added value of investing in effective data analysis tools and illustrating how the data analytics will support the fight against corruption.
- OCIs can start using simple data analytics tools and focus on areas where the benefits are clear and data already available
- Assigning to the OCIs staff with even basic knowledge of data analysis supported by tailored training activities can have tangible results since with expertise, significant analysis can be done in readily available tools, such as Microsoft Excel.

Box 3.6. **Benford's law can be a cost-effective way to identify fraud**

Benford's law, also called "the first-digit law," was made famous in 1938 by Physicist Frank Benford, who after observing sets of naturally occurring numbers, discovered a surprising pattern in the occurrence frequency of the digits one through nine as the first number in a list. In essence, the law states that in numbered lists providing real-life data (e.g., a journal of cash disbursements and receipts, contract payments, or credit card charges), the leading digit is one almost 33 percent (i.e., one third) of the time. On the other hand, larger numbers occur as the leading digit with less frequency as they grow in magnitude to the point that nine is the first digit less than five percent of the time.

$$P(d) = \log_{10}(d+1) - \log_{10}(d) = \log_{10}\left(\frac{d+1}{d}\right) = \log_{10}\left(1+\frac{1}{d}\right).$$

Benford's law allows to test certain points and numbers and to identify those ones that appear more frequently than they are supposed to and therefore they are suspect. The practical applications of this theory have been the downfall of fraudsters and a boon to fraud examiners

For example, let us assume an employee is committing fraud by creating and sending payments to a fictitious vendor. Since the amounts of these fraudulent payments are made up rather than occurring naturally, the leading digit of all fictitious and valid transactions will no longer follow Benford's law. Furthermore, assume many of these fraudulent payments have three as the leading digit, such as $39, $322 or $3 187. By performing a first-digit test on the disbursement data using Benford's law, auditors should see the amounts that have the leading digit three occur more frequently than the usual occurrence pattern of 12.5%.

Source: Global Technology Audit Guide (GTAG), IPPF – Practical Guidance, Data Analysis Technologies, Institute of Internal Auditors, 2011 and *http://www.theiia.org/intAuditor/itaudit/archives/2008/february/puttingbenfords-*

Integrating internal control for good and accountable public governance

DAFP should further work on bridging the implementation gap and mainstreaming internal control functions in the management systems of public organisations

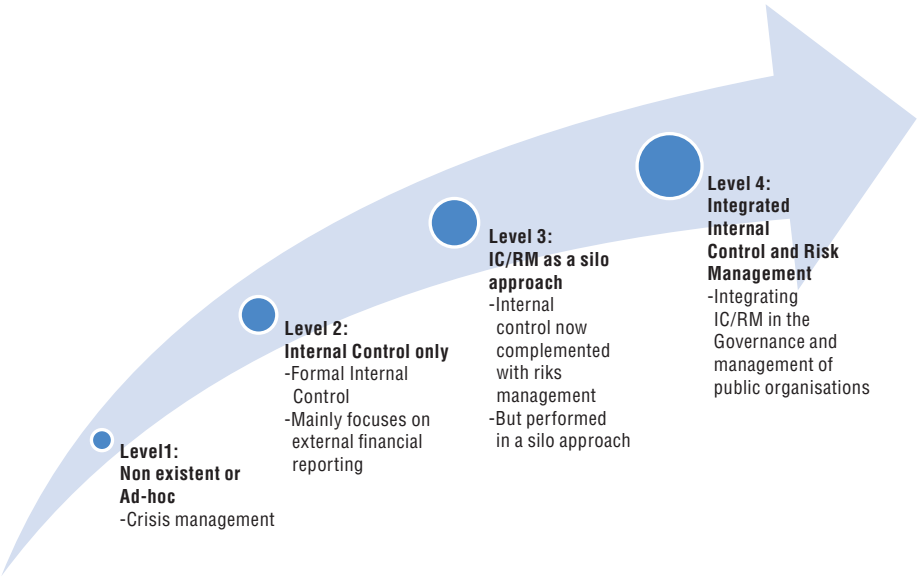
Many OECD member and partner states are still facing serious challenges with bridging the implementation gap between their conceptual internal control frameworks and the actual field materialisation of internal control components and functions. One of the major issues relates to linking internal control with the governance and management systems of public organisations is that politically appointed personnel, public managers and staff often fail to fully grasp the true added value of internal control in improving performance and achieving institutional objectives. As discussed above, they often fail to understand that the overall role of a contemporary internal control system is much more than identifying misconduct, fraud and corruption schemes, and sanctioning individuals.

The following figure depicts four basic stages of a maturity evolution towards achieving the integration of internal control and risk management processes into the organisation's overall governance and management systems (Figure 3.3).

Colombia has a long tradition in internal control in the public sector, but the systemic view on the different components of internal control still remains a challenge. The Colombian internal control framework (Modelo Estándar de Control Interno, MECI) was originally developed with the help of an USAID funded consultancy in 2005 and was based

on Treadway's Commission Internal Control-Integrated Framework 1992, known as COSO I. MECI has been the backbone of the internal control system and functions of Colombia until today. In 2014, DAFP undertook an in-house revision of MECI (no external consultancy involved) to address implementation challenges and better align with the updated COSO 2013 Internal Control-Integrated Framework. The new MECI is considered to be further integrated and simplified while addressing identified weaknesses of the 2005 model.

Figure 3.3. **Maturity levels of integrating internal control and risk management**



Source: OECD

Indeed, Colombian administration seems to be quite advanced in recognising the value of streamlining internal control in public management. The Unified Management Model (*Modelo Unificado de Gestión*) is incorporating the internal control components and functions as integral parts of the public governance and management cycle (transversal axis). This new model is a further development of the existing Integrated Model of Planning (*Modelo Integrado de Planificación*, or MIP), where MECI is currently not integrated but appears as a separate pillar which aims to monitor, control and evaluate the MIP. The MIP is, together with SINERGIA developed by the Administrative Department for Planning (*Departamento Administrativo de Planeación*, or DNP), the most important tool to evaluate public management. However, in practice the model has been reportedly reduced to the *Formulario Único de Reporte de Avances de Gestión*, FURAG, a reporting tool be filled out by managers, which led to the ongoing development of the *Modelo Unificado de Gestión*.

Colombia should dedicate more resources in bridging the implementation gap in relation to the use of MIP and take advantage of the introduction of the new Unified Management Model, MIG, to further streamline MECI in governance and management systems. This is not an easy task and it requires first of all tailored and sustainable training modules for line management and staff as well as OCIs heads and personnel.

In Belgium, the Public Federal Service of Budget and Management Control developed an internal control framework with the goal to address the "Management gap", that is, the difference between what was accomplished and what was planned. To this end the

Management Support Unit adopted an approach that completely integrates the risk cycle and, by extension, the maintenance of the internal control system into the four phases of the management cycle (Plan – Do – Check – Act, cf. Deming), in twelve steps. Management Support created an intuitive tool, Diabolo, which serves as a process sheet and contains a complete risk module. The Belgian model has been quite successful in combining PDCA and the internal control system to reduce 'management gaps' and enable an organisation to improve its overall governance on the basis of feedback received on activities and results. A structured approach offers the prospect of better performance as the achievement of objectives is continually monitored, in conjunction with the use of resources.

The integration of the internal control processes to the management cycle has met quite a few challenges depending on the culture and the resources of federal institutions. It is highlighted that this is a continuous effort and each month, the Management Support Unit organises an internal control networking meeting. Through the exchange of ideas, experiences and knowledge with other institutions, the unit provides information to those who are still in the early stages of establishing an internal control system. It also offers training in internal control at the Federal Government Training Institute (*Institut de Formation de l'Administration fédérale*, IFA). At the request of specific services or institutions, it can also provide in-house training in the field. Furthermore, the establishment of the Federal Administration Audit Committee (*Comité d'Audit de l'Administration Fédérale*, CAAF) in the spring of 2010 provided a major impetus for the integration of the principles of good governance in the federal administration. Since then, the institutions within the scope of audit are required to prepare an annual report on the state of their internal control system in the previous year. The report must be submitted to the CAAF no later than February 15 of each year. These reports further constitute the basis of CAAF's mandatory reporting to the relevant minister, as well as to the Council of Ministers. In this context, Management Support has also created a handbook addressed to institutions and, in collaboration with the secretariat of CAAF, has prepared guidelines to assist them in drawing up the report. The Belgian approach to link internal control functions with public management by using Deming's PDCA cycle is depicted in Box 3.7.

Box 3.7. **Leveraging internal control over the PDCA management cycle**

A public entity's scope and activities are determined and influenced by factors such as:

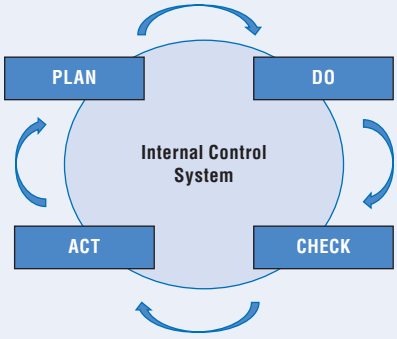
- Political strategic goals
- Annual policy priorities
- Citizens' expectations
- Resource limitations

The Head of a public entity is accountable for managing available resources to meet stakeholder's expectations in the most effective way. To this end he is responsible for:

- Evaluating what was accomplished against what was planned
- Taking action to improve the situation
- Anticipating changes and possible new risks

Deming's cycle provides for a good opportunity to illustrate the need to integrate internal control processes within the daily management operation.

Box 3.7. **Leveraging internal control over the PDCA management cycle** *(cont.)*



The Belgian Public Federal Service for Budget and Management Control has adopted an approach that completely integrates the risk cycle and, by extension, the maintenance of the internal control system into the four phases of the management cycle (Plan – Do – Check – Act, cf. Deming), in twelve steps.

- During the planning phase (Plan), the organisation defines the periodic expectations concerning the services to be provided, as well as the necessary resources. The measuring system, comprised of a set of indicators and reports, takes into account the results of the periodic monitoring.
- The execution phase (Do) includes the "regular" activities of the organisation. During this phase, basic information is collected in order to be examined in the analysis phase. The management ensures the proper execution of activities and the adequate application of the measuring system.
- During the analysis phase (Check), the results obtained are assessed and discussed. This is one of the most important aspects of management control; in this stage the internal control system begins to be updated based on the events that occurred during the execution phase. To this end, Management Support created an intuitive tool, Diabolo, which serves as a process sheet and contains a complete risk module. It facilitates the identification and assessment of risks. The control measures can then be evaluated, which reduces the organisation's vulnerability to risks. Risk exposure is an indication of the possible need to deal with a priority risk.
- During the reaction phase (Act), appropriate measures are developed so as to address a risk. Good support is required to ensure that the measures taken are properly implemented.

Policy-related risks have to be indicated separately because they are related to longer-term objectives in the management plan or the governmental agreement. Their monitoring requires a lower frequency than the monitoring of management risks. They can be estimated during the planning phase, by means of a SWOT analysis, with a view to possible strategic or operational rectifications. Periodic reporting from the management cycle provides a valuable contribution in this case.

Source: Public Internal Control Systems in the European Union and Practical Guide for the Development and maintenance of an Internal control System by the Belgian Public Federal Service for Budget and Management Control.

In Colombia, some concrete proposals for action could include:

- Further streamlining internal control functions and activities in the governance and management systems of Colombian public administration, turning these functions in an integral component of the ongoing public administration and financial management reforms.

- Take all necessary legislative and practical measures to ensure that audit recommendations are followed up and linked with the reform and the reengineering process of public management systems and administrative procedures.
- Planning Units should seek the active involvement of the core operational units in the implementation of MECI and especially the risk management function.
- Heads of institutions and politically appointed personnel should be going through a targeted seminar (e.g. a friendly and interactive web-based module) on the importance of internal control in improving institutional performance and achieving objectives. They have to understand that internal control is a powerful management tool that will help them succeed in their mission.
- Senior and middle public managers must also learn to rely on risk management and internal audit tools for delivering their day-today operations. Internal control is neither an additional bureaucratic burden nor a "police" function. It is the means to deal with threats, scarce public resources and peoples' mistrust to government institutions.

The criteria for the external evaluation of the internal control system could be further articulated, aligned and harmonised by strengthening the co-ordination between Comptroller General, DAFP and Contaduría

The initial analysis illustrates that the Comptroller General (CGR), DAFP and *Contaduría* are submitting their own reports to the legislative assembly on the effectiveness of the internal control system This activity has sometimes led to different results, creating discussions over methodological coherence instead of discussions over substance and necessary improvements. The CGR follows a methodology based on COSO II (model SICA from Chile), can make on-site visits, and focuses more on financial control; that is, the protection of public resources and fiscal related issues.

In turn, the DAFP monitors and evaluates the maturity of the internal control arrangements at the entity level by consolidating the results of the MECI self-assessment evaluation exercise which is undertaken annually by the OCIs at the entity level. The evaluation of the results of the self-assessment is raising serious challenges and there are ongoing efforts to improve the methodology, the relevant questions and indicators, as well as the documentation of the results. Indeed, self-assessment has its limitations. During the interview, it was pointed out that the self-assessment, in the past, sometimes resulted in entities being given a "green" result, but being low performing, corrupt and even facing bankruptcy. Also, for smaller public organisations, like small municipalities, the MECI evaluation can be demanding, with the result that they either contract out the evaluation, draw on already scarce resources, or respond just as a tick-the-box exercise, without providing proper documentation and evidence.

Colombia could consider formalising and standardising existing harmonisation and co-ordination initiatives by establishing a permanent working group between the external and internal control and audit institutions. There is already some progress in this field as illustrated in the 2015 evaluation exercise. The basic approach is that the evaluations by DAFP, *Contaduría* and CGR do not result to findings that are not meant to be compared to each other but rather, articulated and complementary. Nevertheless, there seems to be confusion between the OCIs' personnel and the rest of the civil servants in relation to the scope, the benefit, and the validity of these different evaluation exercises.

The fundamental concepts related to internal control and risk management may be similar across the different Colombian models, but overcoming the potential learning curve to understand the differences should not be the responsibility of the audited entity. Benefits of a harmonised framework include, but are not limited to, the following:

- *Simplified capacity building and training of both auditors and the auditees, resulting in potential cost-savings*. For instance, the cost for updating one set of standards and corresponding tools to align with evolving international updates and audit techniques would be significantly lower than doing so for different frameworks.
- *Easier dissemination of audit-related expertise across all three branches and levels of government, thus improving effectiveness and efficiency*. The consistent application of frameworks and standards by audit entities allows for the effective and efficient application of internal control processes and risk management practices by public entities, and the bridging of policy gaps related to the design of related activities.
- *Streamlined self-assessment and evaluation models*. Such an assessment would allow for a more reliable and effective way of monitoring and measuring the actual implementation of internal control and risk management activities. In addition, it would provide all Colombian stakeholders valuable information on addressing core issues that hinder an optimal and highly-functioning internal control system, including the risk management function.

Box 3.8 provides additional information from the European perspective for Colombian institutions to consider for improving the assessment of the internal control arrangements, including risk management and internal audit functions.

The DAFP could explore practical steps to improve the methodology and the implementation of the self-evaluation exercise in the framework of MECI. DAFP could work closely with other Colombian external and internal control and audit institutions to close legal and policy gaps and advance a coherent, government-wide approach to internal control and risk management by harmonising existing frameworks and improving co-ordination all competent stakeholders.

Box 3.8. **Guidance for monitoring the effectiveness of internal control and risk management systems**

The Guidance on the 8th European Company Law Directive on Statutory Audit offers key points for thinking about the implementation of a sound system of monitoring the effectiveness of internal control, internal audit and risk management systems. It includes the following questions:

1. Who monitors the adequacy of the internal control system? Are there processes to review the adequacy of financial and other key controls for all new systems, projects and activities?
   - A key part of any effective internal control system is a mechanism to provide feedback on how the systems and processes are working so that shortfalls and areas for improvement can be identified and changes implemented. In the first instance if there is an internal control department, it will help managers implement sound internal controls. The operation of key controls will then be subject to review by internal and external audit along with other review agencies, both internal and external to the organisation. If no internal control department exists, guidance may be sought from risk management or internal audit.

Box 3.8. **Guidance for monitoring the effectiveness of internal control and risk management systems** *(cont.)*

2. Are arrangements in place to assess periodically the effectiveness of the organisation's control framework?
   - A key requirement of many of the internal control requirements encompassed in legislation throughout the EU and the rest of the world is an annual attestation as to the adequacy and effectiveness of the internal control system. Such an attestation should be clearly evidenced. The review of the control framework will be the responsibility of the audit committee who will receive information and assurances from internal audit, risk management and the external auditors.
3. Who assesses internal audit?
   - The audit committee assesses the performance of the internal audit function by receiving performance information from the function itself and consulting appropriate directors and the external auditors. In addition, the function should be independently reviewed by an external agency such as the Institute of Internal Auditors (IIA), as specified in the International Professional Practices Framework, issued by the IIA.
4. How are the proposed audit activities prioritised? Is the determination linked to the organisations' risk management plan and internal audit's own risk assessment? Are the internal audit plan and budget challenged when presented?
   - The work of internal audit should be set out in a risk-based plan challenged and approved annually by the audit committee. This plan should be informed by the work of other review agencies such as external audit and risk management and should contain sufficient work for the head of internal audit to be able to form an overall view as to the adequacy of the risk management process operated by the organisation. If there is no formal risk management process or if the process is flawed, then internal audit will need to rely on some other method of assessing the key activities and controls for its review. This could be based on its own risk assessment.

Source: Federation of European Risk Management Associations (FERMA) and European Confederation of Institutes of Internal Auditors (ECIIA), *Guidance on the 8th EU Company Law Directive*, 2011.

Empowering the *Internal Control Offices* to focus on their assurance role over the effectiveness of internal control and risk management arrangements

The benefits of the shared audit services model tailored to the needs and the capacity of the Colombian public administration could be considered and piloted in a specific policy area or at the municipality level

The real challenge for internal audit in the era of financial crisis and austerity is how to do more with less; for example, by sharing internal audit services across multiple agencies. Ideally, internal audit should place reliance upon assurance mechanisms in the first and second line of defence to target resources most efficiently on areas of highest risk or where there are gaps or weaknesses in other assurance arrangements. In many OECD member and partner countries, audit budgets are being reduced just at a time when political personnel and public senior managers need audit assurance the most.

In Colombia, there are 24 administrative sectors, 32 departments, and 1 096 municipalities. In several cases there are significant resources and capacity constraints. For example, some municipalities are just too small to have an OCI. At the same time, article 75 of law 617 from 2000 establishes that the functions of internal control and accounting may be exercised by

related agencies within the respective territorial entity in relation to the municipalities of 3rd, 4th, 5th and 6th category, which practically mean that these local entities are not obliged by the law to develop their own OCI.

However, even at national level, many of the Heads of OCIs interviewed reported that they have limited personnel, that the allocated staff is not equipped with the right skills and expertise, and that they are not involved in the selection process of their personnel. Other issues relate with the remuneration regime of the OCIs Heads and staff, their position within the entities and the understanding of the importance of internal audit as an assurance function by the Heads of the institutions, the rest of the politically appointed personnel and senior public managers.

The United Kingdom, which is considered to have one of the most advanced and sophisticated internal audit functions across the world, has been working on the shared audit services approach following the publication by HM Treasury of the Financial Management review (FMR) in December 2013 (Box 3.9).

The FMR made three recommendations concerning internal audit:

- consolidate internal audit shared services, moving from the Departmental structure to a single, integrated internal audit service, which will be an independent agency of the Treasury;
- strengthen the role of the head of profession for internal audit, to become "the head of government internal audit", which will report to the director general for spending and finance in the Treasury; and
- become a service to Government as a whole as well as a service to Accounting Officers.

Box 3.9. **The Government Internal Audit Agency development, GIAA**

The GIAA is responsible for providing:

- individual departmental audit and assurance services and in addition, assurance on common risks identified across Government.
- internal audit and assurance policy and the development of the profession across Government (on behalf of HM Treasury).

The GIAA is currently spread over 81 locations across UK, with 67% of GIAA's staff being outside of London, and serves 124 client public organisations. The GIAA is the home for roughly 70% of Central Government internal auditors.

GIAA's vision is to be the primary, trusted and expert provider of consistent, high quality audit and assurance services across government that are valued by its customers and recognised as a catalyst for improvement.

Source: Presentation on "Models of Internal Audit" by United Kingdom's Government Internal Audit Agency, Modernising Internal Audit Workshop, 05-06 December 2016.

The principle behind creating shared services is to have sufficient numbers of internal auditors grouped together for the development of capability and future leaders and the sharing of resources, particularly for specialist areas. Several heads of OCIs referred to the benefits of having the right mix of skills within their teams, and the OCI of DIAN highlighted their successful practice of putting together multidisciplinary teams of auditors. Of course the OCI of DIAN has a team of about 20–25 staff with a big audit universe of 10 000 staff and 47 sectional Directorates. They are engaging in risk based internal audit and developing

assurance maps with most of the operational units. At the same time, they are also investing important efforts in showcasing the added value of internal audit and tools like ARI to senior and middle managers.

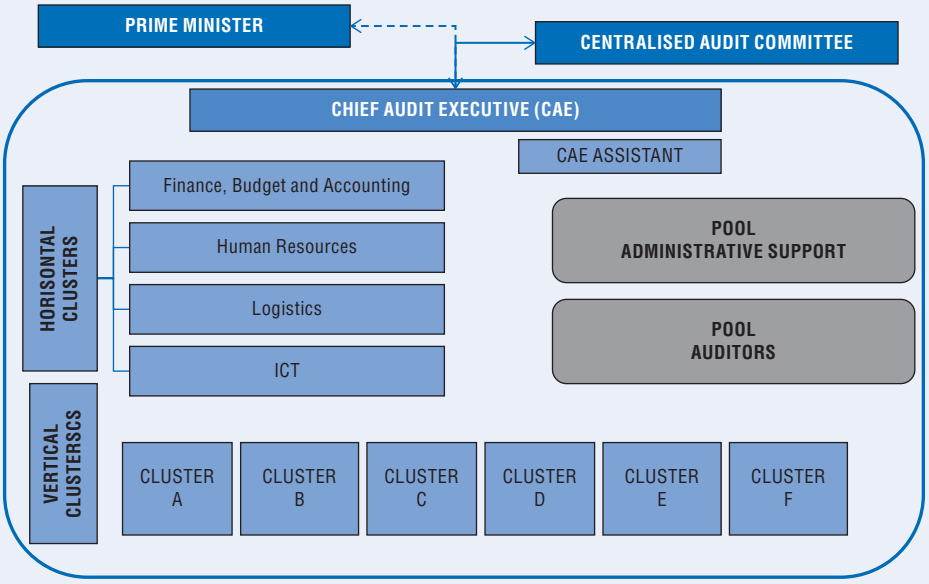
The question is whether other OCIs can also have access to sufficient resources. The shared audit services approach results in benefits deriving from the concentration of expertise, leading practices, and critical mass (e.g. concentration of fraud, forensic or cyber security experts). This model can also improve the efficiency and quality of service while reducing the financial cost, and it can adapt and evolve the audit expertise and capacity model based on the tailored expectations and needs of the beneficiaries of the services. This rationale is also driving the development of the centralised internal audit services of Belgium (Box 3.10).

Box 3.10. **Belgium's approach to centralised audit services**

Key facts:

1. Legal framework: Royal decree (2016).
2. Rationale for centralisation (benchmark) :
    1. Efficiency & Economy (advantages of scale, specialised skills etc.).
    2. Effectiveness: adequate coverage of the audit universe while taking into account Belgian federal context (small ministries).
3. Structure: Centralised with horizontal and vertical clusters; all federal services are covered (vertical clusters); flexible composition of audit teams;
4. In Progress: Developing Forensic audit methodology as a completely separated tool, only functional within IA service
5. Independence: Organisational independence; Reporting lines; Audit Committee; Audit Charter; Chief Audit Executive (CAE).

Methodological framework: All types of audit (operational, financial, IT, compliance, etc.); Risk-based audit approach; Audit on demand; IPPF standards of IIA



Source: Federal Public Service of Belgium, Budget and Management Control, presentation titled "Public Internal Control in the Belgian Public Administration", 2016.

The DAFP could explore the benefits of piloting a shared audit services model in a specific policy sector, for instance in the health sector or for local governments, especially as a strategy to strengthen internal control in local areas that have been affected by the conflict, as required in the Peace Agreement.

In the health sector, there are currently eleven (11) OCIs. Health organisations sharing similar missions, tasks and processes as well as threats and challenges therefore could potentially benefit from sharing audit services. At the moment where citizens' need to access to an effective public health care system is rising quickly, governments seek to reduce public funding while improving medical care. It is thus crucial to put in place adequate controls such as administrative, financial or broader institutional measures to mitigate not only corruption risks but also threats relating to the efficient delivery of health services. To a large extent, the healthcare sector follows regular internal control procedures, like any other sector. However, it is identified as a high risk sector, as there are many potential entry points for poor service delivery, waste and malpractice, as well as corrupt schemes and conflicts of interest (state capture, public procurement, over-billing, doctor-patient extortion to jump the treatment queue, links between medical professionals and the pharmaceuticals industry, etc.), which makes a strong case for an effective internal audit function. Public healthcare organisations are facing new and emerging risks, which require quick assessments and cost-effective mitigating measures. The complexity of the issues at stake underscore the need for a well-resourced and effective internal audit function in the health sector, with the ability to fully integrate techniques like risk-based annual audit planning, proficient use of data analytics to quickly identify patterns, trends and relationships, and IT tools to manage growing data privacy and cybersecurity concerns. In this framework, Colombia could explore how a shared audit approach could facilitate the staffing of the internal audit service in this area with sufficient technical expertise and the competency profiles to engage in this most challenging mission.

Local government is also a potential pilot area for the shared audit approach, since several local government entities do not have the size and the resources needed to develop an internal audit service. At the same time, strengthening the institutional capacity for good public management through internal control is key for the implementation of the Peace Agreement. Shared Audit Services at local level could also be interesting from the perspective of ensuring required capacities at local level for providing assurance on the implementation of the Peace Agreement. Furthermore, the fact that the heads of these entities are usually elected makes the issue of independence even more challenging than other public organisations. Municipalities and other local government entities could join forces and explore the shared audit services model to get access to the necessary internal audit expertise and assurance function that would never be able to do relying on their own resources. Article 75 of law 617 from 2000 seems to provide the legal foundation for introducing an internal audit unit delivering services to several local government institutions. The United Kingdom's model, although not designed to cover local government, offers some valuable insights to address some of the institutional and organisational challenges of this model.

Nevertheless, in the planning phase of such an exercise, the disadvantages of this model should also be taken into consideration. One of the main issues raised is the risk of managers and staff perceiving this function as "external" control, with auditors being detached from the auditees' daily operations and management processes. Internal audit may be perceived as an "outsider", with limited knowledge of the operations at the single entity level.

The name of the Internal Control Offices could be changed to Internal Audit Units to reflect their core mission to provide assurance and advice and to draw a clear line from the Offices of Internal Disciplinary Control (Oficina de Control Interno Disciplinario)

One of the main challenges with having an effective institutional internal control system is to allocate roles and responsibilities across all levels of public entities in relation to internal control and risk management activities. In this framework, the assurance role of internal audit should be clear and well understood both internally and externally. Moreover, internal audit should be equipped with a modern and practical audit manual accompanied by concrete tools, like audit tailored ICT technologies, risk-based audit planning methodology as well as maturity and competency frameworks. To fulfil its mission, the internal audit has to be independent from the first and second lines of assurance, as well as the management line and associated responsibilities. Furthermore, the role of internal auditors in investigations, disciplinary procedures and complaints management should also be clarified and framed according to international leading practices and standards.

The three-lines-of-assurance model differentiates between three core functions:

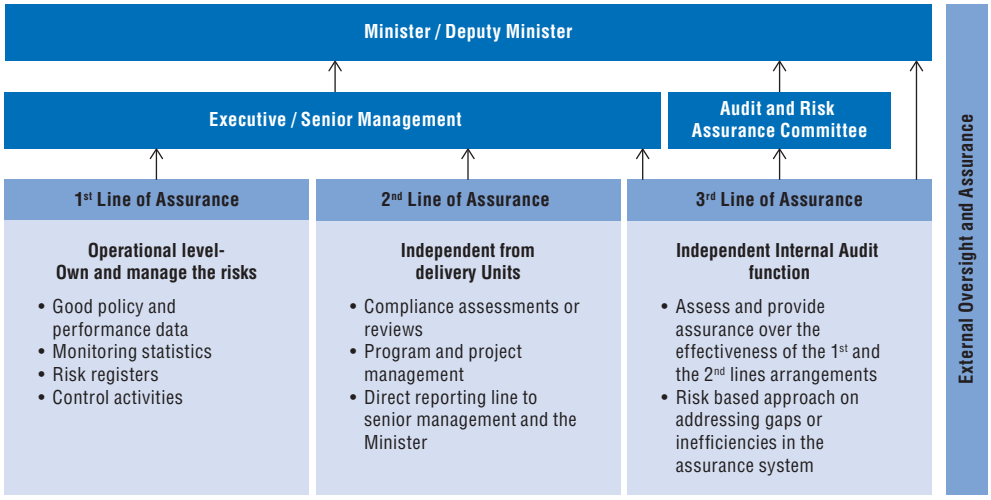
- **Management (First Line):** Functions responsible for designing, developing, implementing, and executing controls, processes, and practices to deliver services, objectives, and drive intended results (i.e., outcomes). This line may be referred to as "program management" and is responsible for the effective and efficient management of the service delivery and the daily operations of the entity. Because oversight and independent assurance cannot compensate for weak management or control, these functions generally have the greatest influence on entity-wide risk management.
- **Oversight (Second Line):** Functions responsible for overseeing and monitoring line management and front desk activities. These groups may include (but are not limited to) functions responsible for financial control/oversight, privacy, security, risk management, quality assurance, integrity and compliance. Oversight functions also inform decision makers with objective perspectives and expertise, and provide continuous monitoring to strengthen risk management.
- **Internal Audit (Third Line):** A professional, independent and objective appraisal function that uses a disciplined, evidence-based approach to assess and improve the effectiveness of risk management, control and governance processes. Internal Audit may provide consulting, assurance, or a combination of both to inform key decisions and support good and accountable public governance.

Figure 3.4 illustrates the basic attributes of the model adapted to the basic structure of Ministries/Departments and describes the core tasks for each of the lines.

In Colombia, there is still some confusion among public servants about the exact role and functions of the OCI. They are often perceived as a policing unit focusing on compliance. From a communication perspective and to foster the understanding of the work of the OCI among the political hierarchy, senior and line management as well as staff, OCIs could be rebranded as Internal Audit Units (*Unidad de Auditoria Interna*). Other options to better reflect the role of the OCIs in improving performance could include models like the one followed by the Public Company Accounting Oversight Board (PCAOB), which entrusts the internal audit responsibilities to the Office of Internal Oversight and Performance Assurance (IOPA).

The IOPA is the responsible unit for providing internal examination of the programs and operations of the PCAOB and ensuring the efficiency, effectiveness, and integrity of those activities.

Figure 3.4. **The Three Lines of Assurance Model**



Source: Adapted by the OECD Secretariat with inputs from ECIIA-FERMA (2010), *Guidance on the 8th European Company Law Directive on Statutory Audit*, DIRECTIVE 2006/43/EC – Art. 41-2b; Institute of Internal Auditors (IIA), *Three Lines of Defence Model*, 2013; Public Internal Control in the European Union, "Assurance Maps" presentation, PIC EU-28 Conference 2015.

As previously pointed out, it is especially important to clearly define the role and the tasks of a contemporary internal audit function vis-à-vis investigations and forensic audits. These different types of oversight activities seem to create some confusion between the different Colombian stakeholders in relation to the core mission of internal audit. Figure 3.5 describes the core attributes of these oversight activities while associating theme to different levels of risk.

Figure 3.5. **Risk Continuum and Oversight Activities**

Source: OECD

Concrete proposals for action to improve the capacity and raise awareness over the added value of a contemporary and robust internal audit function include the following:

- Education initiatives should be undertaken for Heads of public organisations, senior and line management as well as staff on the role and importance of internal audit in promoting sound management and accountability.
- Future efforts to modernise internal audit should include a communications strategy and associated tools concerning the role of internal audit and its importance in an integrated control framework for a wide audience within the Colombian public administration.
- The Heads of audit units should seize the opportunity to facilitate a conversation leveraging the Three Lines of Defence Model. Internal audit can take on a consultative and educator role in helping key stakeholders understand the importance of effective three lines of defence arrangements.
- Best practices of OECD member countries in terms of transitioning towards a modern integrated internal control framework demonstrate the need for a strong comptrollership function supported by a rigorous internal audit system. All efforts should be made to ensure these two functions are in place, and are supported with appropriate transition strategies.
- Strengthening internal audit should be based upon a maturity model approach that involves modernising internal audit in stages, with pre-established targets for key areas including a government-wide reporting requirement to the President's office;
- The Internal Audit Manual should include concrete steps to facilitate risk-based audit planning;
- The introduction of ICT tools like an IT Platform should include access to existing audits and investigations to assist in the planning and conduct of oversight activities and act as a resource tool, as well as a control to facilitate the reduction of duplicate controls and audits being conducted;
- The Audit Manual should include tools to assist internal audit units to provide advisory services to management to assist them in preparing their operations to be audit ready. These tools should include Control Self Assessments, as well as strategies for undertaking audit readiness reviews.

The professional internal audit service could be improved by human resource management policies that ensure independence and by strengthening capacities of the internal audit teams through trainings in specialised topics

Civil service management practices that ensure merit, professionalism, stability and continuity in staffing are among the core prerequisites for setting up and maintaining an effective and added value internal control framework and environment.

However, in several OECD member states, budget constraints have seriously affected the ability of public sector internal audit departments to attract and retain talent, especially in technical areas such as cybersecurity and data mining. Private sector companies can obtain the most talented public sector auditors by enticing them with better pay. Given the continuing austerity measures in many government bodies globally and the culture of some public sector bodies, there is limited scope to award bonuses to those working in the public sector. Only 40% in the public sector say they have the opportunity to earn a bonus, compared to 75% for those in other sectors (Auditing the Public Sector, IIA's Common Body of Knowledge, 2015). Colombia as well faces serious challenges in attracting, developing

and retaining competent individuals with the right set of skills and ethical commitment to work in the control and audit area.

Another prerequisite for an effective internal audit function is the issue of independence and position within the organisation. With article 8 of Law 1474 from 2011, Colombia made an important step into this direction by ensuring a meritocratic selection and appointment of highly knowledgeable and skilled experts as Heads of the OCIs, involving directly the President of the Republic of Colombia.

However, in practice, it seems that in many cases the actual influence and impact of the work of the OCIs depends on the personal relationship of the Head of the OCI with the Head of the institution and his or her understanding and degree of sensitisation to the importance of internal control arrangements and especially the assurance role of internal audit. Since the Head of the OCI is formally not at the level of director, he or she does not necessarily participate in management meetings at this level, which means that there is limited information on the objectives and the challenges faced by the institutions, hampering the role of internal audit and undermining the actual impact and added value of the OCI's work.

Therefore, Colombia could consider raising the head of the OCI to the level of a director, while at the same time giving him or her more visibility. He or she could also be given direct access to the head of the institution, and ensure that the OCI is aware of the evolution of the audit universe regarding planning, management decisions, processes, threats and opportunities and all information that are vital to its mission. Alternatively, the participation of the Heads of OCIs to the meetings at the senior management level could be formalised by regulation. Furthermore, it is key that the OCIs should be granted with enough human and budget resources (e.g. funds for training the OCIs' staff).

Additional actions to increase the independence and showcase the importance of the OCIs role in improving governance and accountability could include:

- Conducting audits and evaluations that encourage ownership, accountability and skill development among public sector managers for internal control and risk management activities.
- Transferring the budget line for the remuneration of the Head of OCIs from the individual institutions to DAFP and gradually going in a single remuneration regime for all heads of OCIs. In a second phase, this could also be done for OCIs' staff provided that this special wedge-grid would be based on concrete job and competency profiles and meritocratic appointment procedures.
- Reconsider the application of the polygraph to heads of OCI, in light of the Supreme Court decision in Process 2647 of 1 August 2008, as this is contrary to the DAFP policy of building trust in the public administration and is of limited value.
- Review the methodology of evaluating heads of OCI, currently based on a 360-degree evaluation, towards an evaluation based on results. This is important since the evaluation results are linked to the possibility to get a bonus payment, if more than 90 points from 100 possible points are achieved.

Concerning the capacity building and training needs, there can also be a national certification policy for internal control and audit professionals linked with training and capacity building activities. Recent reviews and relevant data from Latin America and the Middle East and North Africa (MENA) region document that there is a low percentage of practitioners who have acquired certifications like the IIA's Certified Internal Auditor (CIA) or Certified Government Auditing Professional (CGAP). Moreover, these internationally

recognised certifications have been occasionally criticised as heavily private sector-oriented, very broad and generic in relation to the specific challenges and needs of a given country, not tailored to effectively focus on core functions like public finance, public procurement and infrastructure projects, health and social welfare services.

National efforts to address the issue of weak professional expertise and capacity can include the development of customised training modules in cooperation with National Schools of Public Administration (ESAP), and/or the establishment of training centers located at the Ministry of Finance, the CGR, the PGN, Professional Chambers, Associations, or Universities. The issue of the quality of these modules and their actual impact on the skills and the performance of control and audit practitioners poses serious challenges. These efforts to develop professional "certification" limited within national context is mostly linked with hiring policies, career path, remuneration, and mobility issues in the control and audit field. Box 3.11 provides information on the Canadian example for recruiting and developing internal auditors as well as the basic attributes of a programme to train and certify public auditors applying to more than one country in south-east Europe, which worked together to address the issue of low capacity and skills.

Box 3.11. **Professionalisation and capacity building of the internal audit service**

A. The Canadian Internal Auditor Recruitment and Development Program (IARD Program)

I. Benefits of the Internal Audit Recruitment and Development Program.

In addition to coaching, mentoring and professional development courses, the Internal Audit Recruitment and Development (IARD) Program offers:

- the experience and on-the-job training you need as you pursue a Certified Internal Auditor (CIA) designation
- a development plan designed to help you succeed that includes competency-based work objectives and support from senior staff
- unique on-the-job learning opportunities where you will learn the profession of internal audit in the Government of Canada
- professional development sessions offered by the Institute of Internal Auditors that are related to your position and CIA certification
- potential for promotion

II. Internal Audit Recruitment and Development Program work experience:

You will work under general supervision, providing support and performing assigned tasks within each of the phases of an audit engagement as a member of an audit team. Audit teams typically report to the Internal Audit Principal or the Director of Internal Audit.

Audit teams are designed to:

- provide departmental senior management with opinions on the effectiveness and adequacy of risk management, control, and governance processes
- report on the results of risk-based audits.

III. The Comptroller General of Canada has developed an Internal Audit Competency Profiles and Dictionary as a tool of the overarching Internal Audit (IA) Human Resources Management Framework (HRMF). The IA HRMF aims to support and enable a self-sufficient, quality IA community across the federal public sector. It provides an excellent infrastructure along with tools and support services to position the IA community as professionals who perform unique work within the Government of Canada that adds value to their organisations.

Box 3.11. **Professionalisation and capacity building of the internal audit service** *(cont.)*

The IA competency profiles and dictionary are the main building blocks of competency-based management (CBM). They allow organisations to focus on how someone undertakes his or her job based on the skills, abilities and knowledge required to perform the work. CBM is the application of a set of competencies to the management of human resources (i.e., staffing, learning, performance management and human resources planning) to achieve excellence in performance and results that are relevant to organisations.

B. Training for Internal Auditors in the Public Sector (TIAPS)

The Training for Internal Auditors in the Public Sector (TIAPS) initiative provides an interesting example of public-sector-oriented internal audit certification that merges international best practices with localised regulatory concerns, delivered in the host country's language.

I. Scope and key characteristics

The idea behind TIAPS started in Slovenia in 2002. The Program TIAPS was developed to strengthen qualifications in internal audit processes in the public sector, while devoting special attention to requirements introduced by the accession processes of the European Union. The mandatory and recommended guidelines issued by the IIA have long been viewed as private-sector centric and unable to comprehensively address public sector concerns.

One of the ways TIAPS addresses such gaps is to include a customisable module on legislation and taxation, written by experts from the participating country. The way in which standards and practices are taught is different from the IIA, in that it is more rules-based than principles-based. TIAPS clearly tells its students what should be done and how, as opposed to guidance issued by the IIA, which leaves generous room for interpretation.

TIAPS targets public sector employees who hold a Bachelor's degree, and already have practical experience in areas such as accounting, financial oversight, and control. The program is composed of seven modules – divided into two levels, Certificate and diploma – of which all but the module on National Legislation and Taxation were developed by CIPFA.

II. Challenges

The biggest hurdle for implementing TIAPS is also its greatest strength; localising the curriculum. This requires involved institutions to do a lot of preparation work prior to the delivery of the program, which includes translating training material and coaching the local tutors who will deliver the content of modules in local languages.

A related issue is the need to find and hire experts to create the legislation and taxation modules. The program-implementing team engages translators with sound knowledge of material substance, and the initial translation is checked by an editor/proof-reader, to make any necessary language revisions, in line with standard terminology in each respective country.

Despite being a relatively young program, TIAPS provides specialisations. These, however, have yet to achieve the total level of equivalence to directly replace specialised certifications – such the Certified Information Systems Auditor (CISA), provided by the Information Systems Audit and Control Association (ISACA) – though there are plans of doing so in the medium term.

The program also does not have a way to monitor and ensure that its certified practitioners keep up-to-date with evolving audit trends, which both IIA and ISACA do, through their continuing professional education requirements.

Source: Office of the Comptroller General of Canada, *IARD Post-Secondary Recruitment*; *https://emploisfp-psjobs.cfp-psc.gc.ca/psrs-srfp/applicant/page1800?poster=941922&toggleLanguage=en*; IARD Program; *http://www.tbs-sct.gc.ca/ip-pi/job-emploi/ford-rpaf/benefitsiard-avantagesrpai-eng.asp*; *Training for Internal Auditors in the Public Sector-An Alternative Approach for State Internal Auditors*, Knowledge Showcases, Asian Development Bank, 2016.

In order to strengthen the professional audit function and ensure the delivery of robust assurance services, Colombia could consider implementing the following proposals for actions:

- A mandatory training program for all current and future internal auditors (and investigators) should be introduced in partnership with University institutions, the National School of Public Administration and professional organisations like the Colombian Institute of Internal Auditors.
- Future hiring of internal audit positions should place a premium on individuals holding a Certified Internal Auditor (CIA) or Certified Government Auditing Professional (CGAP) designation or a similar relevant designation such as accounting (e.g. CPA, CA, CGA, CMA).
- Consideration should be given to facilitating IIA membership for all internal auditors to promote self-study and professional development as well as facilitate the obtainment of the Certified Internal Audit designation
- In order to enhance the independence of audit professionals, as well as ensure their level of qualifications, alternative staffing measures should be assessed and implemented. Among the options that should be considered are fixed-term appointments and/or some form of registry of control, risk and audit professionals whose entry would be based upon the necessary designations and skills.
- The Internal Audit Manual should include a proposed competency model, along with sample job descriptions.
- Ensure that induction trainings are covering knowledge on the institution and the sector, and that additional training opportunities to achieve certification are available.
- Ensure continuous training opportunities for the head and the staff (Colombia had an absolute increase of 58%, in just 6 months, of people acquiring the CIA designation).
- ESAP with national IA and ACFE chapters could develop tailored modules to prepare auditors for the Certified Internal Auditor (CIA) and the Certified Fraud Examiner (CFE) exam.
- Ensure a clear staff profile, in relation with entity size, and expert staff in the internal audit units (OCI):
  1. At national level, heads of OCI (126 in total) are selected based on merit and are directly appointed by the President, however their staff is not subject to clear job and competency profiles, and meritocratic selection.
  2. Therefore, whether the staff of the audit unit is adequate strongly depends upon the willingness of the head of the institution. The work of the head of the OCI can therefore be easily either supported or undermined.
  3. The OCIs should be involved in the selection process of their personnel together with the HR Units.

Colombia could explore the benefits from the introduction of independent audit and risk boards or committees in relation to the effectiveness and the efficiency of internal control and risk management functions

In Colombia, there are currently no Audit and Risk Committees or equivalent bodies established in public organisations. According to relevant data, Audit and Risk Committees are established in the vast majority of private sector organisations but they are much less common in public sector organisations, such as line ministries and local government authorities. State Owned Enterprises (SOEs) usually have to introduce an Audit Committee or equivalent body complying with the needs of the market or corporate governance regulations. The G20/OECD Principles for Corporate Governance (July 2015) clearly state

that the Board is responsible for "Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards."

It is considered good practice for the internal auditors to report to an independent audit committee of the board or an equivalent body which is also responsible for managing the relationship with the external auditor, thereby allowing a co-ordinated response by the board. In certain OECD member countries, for example, the USA and New Zealand, the existence of audit committees has caused top management to focus on internal control and risk management, and has attracted the attention of the senior management to the role of the internal auditor. Furthermore, in the private sector, an audit committee would be typically charged with overseeing the internal and external financial reporting processes, risk management, internal control, compliance, ethics, the external audit arrangements and ensuring the independence of internal audit function. (See relevant guidelines in IIA, INTOSAI, COSO-Treadway Committee and the International Federation of Accountants).

Moreover, a truly independent audit/risk committee with high expertise can harness the political influence on control and audit activities and mitigate the potential bias of auditors assessing the quality of the internal control and risk management arrangements. It can also strengthen the impact of these processes inside the organisation, linking them to the achievement of the entity's objectives, thus facilitating the involvement of the middle and line managers and the rest of the personnel.

The following box demonstrates some leading examples across OECD member states in establishing Audit and Risk Committees/Boards in public organisations (Box 3.12).

Box 3.12. **Leading examples of Public Audit and Risk Committees/Boards**

The Canadian Departmental Audit Committee

The Departmental Audit Committee (DAC) is a strategic resource for the deputy head. It provides objective advice and recommendations to the deputy head regarding the sufficiency, quality and results of assurance on the adequacy and functioning of the department's risk management, control and governance frameworks and processes (including accountability and auditing systems). Deputy heads can use this information to enhance accountability, transparency and the overall performance of their departments. Within the Canadian federal public administration, the independent Departmental Audit Committees with external members have become essential advisors on Risk and Internal Controls design and assessment.

- Audit committees must include a majority of external members recruited from outside the federal public administration, i.e. non-government employees, contractors, ministerial appointees
- Appointed for a term not exceeding four years, which may be renewed for a second term
- Have, at a minimum, three members with a quorum of a simple majority
- Since 2007, over 350 members appointed to 42 Departmental Audit Committees (DACs)

The United Kingdom's Audit and Risk Assurance Committee:

Following the 2011–2013 public internal control reform, Audit Committees are now usually termed Audit and Risk Assurance Committees. The Audit and Risk Assurance Committee, made up of independent non-executive directors, supports the Accounting Officer with the

Box 3.12. **Leading examples of Public Audit and Risk Committees/Boards** *(cont.)*

primary responsibility of reviewing the comprehensiveness and reliability of assurances throughout the year.

The Audit and Risk Assurance Committee plays a key role in ensuring that management's response and resolution of audit recommendations and identified risks is satisfactory. Audit and Risk Assurance Committee responsibilities are set out in the Audit and Risk Assurance Committee Handbook published by the Treasury. The Committee has particular responsibilities relating to the work of internal and external audit and to assurance and financial reporting issues.

There is consequently a major synergy between the purpose of the Head of Internal Audit and the role of the Audit and Risk Assurance Committee. The committee will typically be interested in internal audit's charter/terms of reference to ensure that it has sufficient status and independence to operate freely and effectively in its work. It will also take a close interest in the adequacy of audit resources. The committee will advise the board and Accounting Officer on internal audit strategy and plans, forming a view on how well they support the Head of Internal Audit's responsibility to provide an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes.

Italy's approach to Audit and Risk Committees:

In Italy, the legislative decree No 150/2009, which implemented Law No 15 of 4 March 2009 on improving the productivity of the public sector and the efficiency and transparency of public administrations, set up two bodies to measure and appraise the organisational and individual performances of public administrations:

A central body known as CIVIT (Independent Commission for the Appraisal, Integrity and Transparency of Public Administrations) and,

For each individual administration, the OIVs (Independent Performance Evaluation Bodies).

The law tasks CIVIT, which is called upon to show independence of judgement and evaluation and work in complete autonomy, with the task of directing, co-ordinating and supervising the appraisal functions to ensure the transparency of the systems adopted and the visibility of the indicators of public administrations' management performance. This function is also particularly relevant, because the law sees data transparency as a tool for ensuring the integrity of public administrations and thus preventing the serious problem of corruption. The cabinet appoints the members of CIVIT.

Each administration also has an Independent Performance Evaluation Body (OIV) that performs a multitude of tasks such as:

- monitoring the overall operation of the system of evaluation, transparency and integrity of the internal controls and drawing up an annual report on its working;
- promptly reporting any problems to the relevant internal government and administration organs;
- ensuring that the measuring and evaluation processes are correct in order to uphold the principle of rewarding merit and professionalism;
- applying correctly the guidelines, the methods and the instruments provided by CIVIT;
- promoting and certifying transparency and integrity; and
- checking the results and good practices arising from the promotion of equal opportunities.

Source: Office of the Comptroller General of Canada, Departmental Audit Committees, *http://www.tbs-sct.gc.ca/hgw-cgf/oversight-surveillance/ae-ve/dac-cmv/index-eng.asp* and Compendium of the Public Internal Control Systems in the EU Member States, 2014, *http://ec.europa.eu/budget/pic/lib/book/compendium/HTML/index.html*

The introduction of Audit and Risk Committees however poses several challenges including selection, appointment and remuneration issues, however. Furthermore, the exact scope and institutional relations with existing control and audit stakeholders have to be carefully examined.

Some concrete examples and steps forward could include:

- DAFP could explore the opportunity of introducing management-led Audit Committees, including draft committee terms of reference as a tool to assist in promoting audit independence.
- The OECD member states experiences – and especially the Canadian example of dedicated Departmental Audit Committees for large entities and shared AC for smaller entities within the same policy field – could be a good starting point for this discussion.
- DAFP could consider piloting an Audit and Risk Committee to assess the impact and the added value in areas like enhancing the independence of internal audit, raising awareness over the importance of the assurance function, and securing adequate resources. Ann independent assessment could also be provided, as well as making recommendations as needed on the capacity, independence and performance of the internal audit function

Proposals for Action

Therefore, the following actions could be taken by Colombia to strengthen integrity by mainstreaming internal control and risk management into the public governance systems.

Embedding fraud and corruption risk management in Colombian public organisations

- The DAFP should further engage in a risk-based approach as the bedrock to consolidate a control environment that is non-conducive to fraud and corruption.
- The integrity attributes of the internal control environment need to be strengthened and the right tone at the top demonstrated to create the necessary preconditions for effectively managing fraud and corruption risks.
- The concrete role and responsibilities of Internal Control Offices in preventing, detecting and responding to fraud and corruption schemes need to be better defined.
- The use of data analytics and big data could be further explored and leveraged to strengthen transparency and support a pre-emptive risk-based approach to tackle fraud and corruption.

Integrating internal control for good and accountable public governance

- DAFP should further work on bridging the implementation gap and mainstreaming internal control functions in the management systems of public organisations.
- The criteria for the external evaluation of the internal control system could be further articulated, aligned and harmonised by strengthening the co-ordination between Comptroller General, DAFP and Contaduría.

Empowering the Internal Control Offices to focus on their assurance role over the effectiveness of internal control and risk management arrangements

- The benefits of the shared audit services model tailored to the needs and the capacity of the Colombian public administration could be considered and piloted in a specific policy area or at the municipality level.

- The name of the Internal Control Offices could be changed to Internal Audit Units to reflect their core mission to provide assurance and advice and to draw a clear line from the Offices of Internal Disciplinary Control (*Oficina de Control Interno Disciplinario*).
- The professional internal audit service could be improved by human resource management policies that ensure independence and by strengthening capacities of the internal audit teams through trainings in specialised topics.
- Colombia could explore the benefits from the introduction of independent audit and risk boards or committees in relation to the effectiveness and the efficiency of internal control and risk management functions.

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