

OECD Public Governance Reviews

# OECD Integrity Review of the State of Mexico

ENABLING A CULTURE OF INTEGRITY





OECD Public Governance Reviews

# OECD Integrity Review of the State of Mexico

ENABLING A CULTURE OF INTEGRITY

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

**Please cite this publication as:**

OECD (2021), *OECD Integrity Review of the State of Mexico: Enabling a Culture of Integrity*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/daee206e-en>.

ISBN 978-92-64-33609-4 (print)

ISBN 978-92-64-83979-3 (pdf)

OECD Public Governance Reviews

ISSN 2219-0406 (print)

ISSN 2219-0414 (online)

**Photo credits:** Cover © Government of the State of Mexico.

Corrigenda to publications may be found on line at: [www.oecd.org/about/publishing/corrigenda.htm](http://www.oecd.org/about/publishing/corrigenda.htm).

© OECD 2021

---

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.

---

# Preface

Public integrity is an important element of good governance. It fosters trust in public institutions and supports effective public policies. Furthermore, it promotes the efficient use of public resources for the provision of services, which, in turn, helps improve standards of living. Likewise, public integrity helps make public institutions more resilient and strengthens their capacity to prevent capture. The current moment calls on governments to step up their efforts to strengthen integrity. Governments all over the world are struggling to respond to the social and economic consequences of COVID-19. Such responses will only be effective and support economic recovery if they serve their intended objectives, privilege the public interest, and are managed with integrity. The OECD stands side-by-side with Mexico and its federal states to strengthen integrity and, by so doing, promote better policies for better lives.

In the last few decades, fighting corruption and promoting integrity has gained relevance in the international agenda and fora such as the G20. It has also been on the policy agenda of Mexico, both at national and sub-national level. Indeed, state and local governments in Mexico are in charge of providing multiple public services and represent the “first window” for citizens. In consequence, integrity in state and local governments can strongly influence the perception of citizens about the integrity of public institutions and the way they interact with their authorities.

The OECD works with its Member and Partner countries to support their public integrity systems through tailored reviews that identify weaknesses and make recommendations for improvements. It also accompanies countries in designing and implementing reforms, develops standards based on good practices and peer learning, and collects data for comparative analysis.

In Mexico, the OECD has made an important contribution to the public integrity agenda in recent years, through reviews that make recommendations to strengthen the national and state anti-corruption systems. These reviews have achieved tangible results. In the State of Coahuila, for example, the OECD review provided the basis for the sectoral programme on audit and accountability. In Mexico City, OECD recommendations led to updated guidelines on internal control. Thanks to the commitment of the Government of the State of Mexico, this OECD Review is also achieving concrete results. For example, in 2021 the Office of the Comptroller-General (SECOGEM) launched a review of the Code of Ethics for state public officials and the role of Ethics Committees. Additionally, the Anti-corruption Policy of the State of Mexico and Municipalities includes an axis on public ethics and integrity, which builds on the contents of the National Anti-corruption Policy.

OECD work in Mexico has found specific policies that need to be upgraded to strengthen public integrity, such as internal control and whistle-blower protection. The OECD *Recommendation of the Council on Public Integrity* and the experiences of our Member and Partner countries illustrate good practices that could help Mexico and its federal states to progress in these and other policies that contribute to creating a culture of integrity, influencing positively the behaviours of public officials.

We are glad to have the opportunity to contribute to Mexico’s initiatives to promote public integrity, particularly with federal states such as the State of Mexico, which is a leader amongst Mexico’s state governments in the establishment of an anti-corruption system.



Elsa PILICHOWSKI

Director, OECD Public Governance Directorate



# Foreword

In 2015, Mexico launched a major effort to upgrade its anti-corruption policies and programmes, leading to the establishment of the National Anti-corruption System (*Sistema Nacional Anticorrupción*, SNAC). As part of this process, Mexico's 32 federal states were expected to mirror the initiative by establishing their own state anti-corruption systems. However, the commitment to these reforms and progress varies widely state by state.

In this context of reform in Mexico's federal states, this report presents the findings and policy recommendations of the Integrity Review of the State of Mexico. The review addresses existing strategic and operational gaps, and reflects on what the state can do to improve its anti-corruption policies and institutions. It also makes recommendations for embedding an integrity culture in the public service, positively influencing the behaviours of public servants. The aim is to go beyond mere compliance and create an environment of integrity, backed by solid institutional foundations for elements such as risk management, internal control, and whistle-blower protection.

The review found that the State of Mexico has been a pioneer in the implementation of its anti-corruption system (*Sistema Anticorrupción del Estado de México y Municipios*, SAEMM) by establishing its Citizen Participation Committee (*Comité de Participación Ciudadana*, CPC) and Co-ordination Committee early in the process. Dialogue and co-operation in the Co-ordination Committee of the State of Mexico facilitates implementation, which is not always the case in other federal states. Moreover, until February 2021, the State of Mexico was one of only three federal states that had issued a State Anti-corruption Policy (*Política Anticorrupción del Estado de México y Municipios*, PEA), which was not only developed after a wide consultation and recognised as fully aligned with the SNAC guidelines, but also included a thematic axis on public ethics and integrity, in line with OECD standards.

This progress is also in line with the objective set in the State Development Plan 2017-23 to fully implement the SAEMM. More importantly, the commitment by the State Government to SAEMM helps overcome the trust deficit illustrated in citizen perception studies, such as the one produced by the National Institute for Statistics and Geography (*Instituto Nacional de Estadística y Geografía*, INEGI).

This review was carried out at the request of the State of Mexico to inform its integrity policies, facilitate innovation, advance implementation, and benchmark its efforts vis-à-vis national and international references. Indeed, the State of Mexico was the fourth federal state in Mexico to be reviewed by the OECD, helping to build the evidence base to guide anti-corruption reforms.

As part of the review process, workshops were held on key integrity policies and considerations, such as managing conflicts of interest, pride in being a public servant, and behavioural approaches, with the support of peer experts from the New York City Board of Conflict of Interest, Brazil's Office of the Comptroller-General of the Union, and a former head of Colombia's Administrative Department of the Public Function (*Departamento Administrativo de la Función Pública*, DAFP).

The OECD will continue to support the State of Mexico in its efforts to improve its integrity policies.

This document was approved by the OECD Working Party of Senior Public Integrity Officials (SPIO) and declassified by the Public Governance Committee on 22 March 2021. It was prepared for publication by the OECD Secretariat.

# Acknowledgements

Under the direction and oversight of Elsa Pilichowski, OECD Director for Public Governance, and Julio Bacio Terracino, Acting Head of the Public Sector Integrity Division, this review was co-ordinated by Jacobo Pastor García Villarreal, Senior Policy Analyst.

Chapters 1 and 2 were written by Felicitas Neuhaus; Frederic Boehm wrote Chapter 3 and Giulio Nessi wrote Chapter 5. Chapter 4 was drafted by Miguel Peñailillo, external consultant for the OECD. Valuable comments on Chapter 4 were received from Gavin Ugale and Lisa Kilduff. Editorial assistance was provided by Meral Gedik. Charles Victor and Johal Aman provided administrative assistance and Balazs Gyimesi supported communications efforts.

The OECD expresses its gratitude to the Government of the State of Mexico for its fruitful co-operation and leadership. In particular, the OECD would like to thank Governor Alfredo del Mazo Maza; Javier Vargas Zempoaltecatl, Head of the Office of the Comptroller-General (SECOGEM); and their respective teams, particularly the Corruption Prevention Unit. Marco Becerril, Head of the Corruption Prevention Unit in SECOGEM, served as the contact point for the project during the second half of it, while Jorge Bernaldez, General Director for Administrative Responsibilities, was the main contact point during the first half of the project.

Likewise, the OECD would like to thank other institutions whose representatives were interviewed during the fact-finding missions, namely the Citizen Participation Committee and the Technical Secretariat of the Anti-corruption System of the State of Mexico and Municipalities; the Office of the Comptroller of the Legislative Branch; the Superior Audit Institution of the State of Mexico (OSFEM); the Electoral Institute of the State of Mexico (IEEM); the Specialised Anti-corruption Prosecutor; the Administrative Justice Tribunal of the State of Mexico; the ministries of Finance, Public Works, Security, and Health; the Institute of Professionalisation of Public Servants of the State of Mexico; auxiliary bodies such as JCEM, ISEM, and ISSEMyM; internal control bodies and ethics committees from different government institutions and municipalities; as well as business chambers and civil society representatives.

Ambassador Sybel Galván, Permanent Representative of Mexico to the OECD, was instrumental in supporting this project.

This report is part of a series of governance reviews in OECD and G20 countries. It incorporates information shared during an OECD workshop on public ethics and management of conflicts of interest (24-27 February 2020) and a workshop on building the pride of being a public servant (2-5 February 2021). Special thanks to SECOGEM, the Human Rights Commission of the State of Mexico, and their officials for their support in organising and carrying out these workshops. The OECD is also grateful to the peer experts who participated in the workshops: Ethan A. Carrier, General Counsel, New York City Conflicts of Interest Board (United States); Liliana Caballero, former Head of the Administrative Department of the Public Function (DAFP), Colombia; and Carolina Carballido, Director for Integrity, Secretariat for Transparency and Corruption Prevention, Office of the Comptroller-General of the Union (CGU), Brazil.

The OECD Mexico Centre, under the leadership of Roberto Martínez, and the staff in charge of publications, notably Alejandro Camacho, were instrumental in co-ordinating the editorial process for the Spanish publication.



# Table of contents

Preface	3
Foreword	5
Acknowledgements	6
Abbreviations and acronyms	9
Executive summary	13
<b>1 Adapting the anti-corruption system to the needs of the State of Mexico</b>	<b>15</b>
Strengthening the governance of the Anti-corruption System of the State of Mexico and Municipalities	18
Mainstreaming of integrity policies in the Executive Branch	31
Ensuring integrity at the municipal level	36
References	42
<b>2 Developing a strategic approach to public integrity in the State of Mexico</b>	<b>45</b>
Setting the right framework for integrity	46
Monitoring and evaluation integrity policies	52
References	56
<b>3 Towards a culture of public integrity in the State of Mexico</b>	<b>57</b>
Setting high standards for integrity in the State of Mexico	59
Ensuring that standards translate into practice and behavioural change	67
Strengthening the framework to encourage reporting of acts of corruption and guarantee whistleblowers' protection	78
Maximising the usefulness of tax, assets and interests declarations	82
Towards evidence-informed integrity policies	86
References	91
<b>4 Strengthening the internal control model and the effective implementation of risk management in the State of Mexico</b>	<b>93</b>
Setting specific objectives for an effective control system	94
Adopting a strategic approach for risk management that comprises integrity risk assessment in the public sector	103
Establishing coherent control mechanisms and an independent and effective internal audit function	111
Strengthening internal control at the municipal level	121
References	125

<b>5 Enhancing the implementation of the State of Mexico's administrative liability system for public officials</b>	<b>127</b>
Ensuring fairness, objectivity and timeliness	128
Promoting co-operation and exchange of information among institutions and entities	134
Encouraging transparency about the effectiveness of the administrative liability system and the outcome of cases	140
References	144
Notes	145

## FIGURES

Figure 1.1. The OECD Recommendation on Public Integrity – A strategy for a co-ordinated approach to integrity	16
Figure 1.2. Design of the SAEMM	20
Figure 1.3. Organisation of the Regional Anti-corruption Commission in Piura	27
Figure 1.4. The selection process for the members of the Citizen Participation Committee	29
Figure 1.5. An increasing number of Latin American countries require entities in the Executive Branch to create integrity units	32
Figure 3.1. Percentage of citizens in the State of Mexico who strongly distrust public servants and government, 2017	58
Figure 3.2. Percentage of the population who suffered an act of corruption in Mexico and DID NOT report it, by state	79
Figure 3.3. Reasons why victims of acts of corruption in Mexico did not report it, percentage by motive	80
Figure 4.1. The basic stages of internal control integration	99
Figure 4.2. The risk management cycle	104
Figure 4.3. Detailed public information on the national budget of the Chilean State based on open data	110
Figure 4.4. The Three Lines of Defense Model	114
Figure 5.1. E-file and Court Information Systems	137

## TABLES

Table 1.1. Governance and responsibilities in the SAEMM	21
Table 2.1. Benefits and limitations of the options for evaluation setup	54
Table 3.1. Key legislation regarding public ethics in the State of Mexico	59
Table 3.2. Ethical values and principles embodied in the integrity framework of the State of Mexico	61
Table 3.3. Administrative procedures perceived as most corrupt and corresponding level of administrative competence in Mexico	76
Table 3.4. Summary of disclosure requirements under the Law of Administrative Responsibilities of the State of Mexico and Municipalities	83
Table 3.5. Types of verification checks on asset and interest declarations	83
Table 5.1. Examples of integrity-related misconducts	129
Table 5.2. Roles in administrative liability proceedings	132

### Follow OECD Publications on:



[http://twitter.com/OECD\\_Pubs](http://twitter.com/OECD_Pubs)



<http://www.facebook.com/OECDPublications>



<http://www.linkedin.com/groups/OECD-Publications-4645871>



<http://www.youtube.com/oecdilibrary>



<http://www.oecd.org/oecdirect/>

# Abbreviations and acronyms

ACAS	Advisory, Conciliation and Arbitration Service (United Kingdom)
ACRC	Anti-corruption and Civil Rights Commission (Korea)
AEP	Annual Execution Plans (France)
AIA	Anti-corruption Initiative Assessment
APS	Australian Public Service
APSC	Australia's Public Service Commission
ASF	Auditoría Superior de la Federación <i>Audit Office of the Federation</i>
BIS	Business Information Service
CAIGG	Consejo de Auditoría Interna General de Gobierno <i>Council for General Government Internal Audit</i>
CAN	Comisión Alto-nivel de Anticorrupción <i>High-level Anti-corruption Commission</i>
CBM	Competency-based management
CC	<i>Comité Coordinador</i> Co-ordination Committee
CGU	Contraloría General de la Unión (Brasil) <i>Office of the Comptroller-General of the Union (Brazil)</i>
CIDE	Centro de Investigación y Docencia Económicas <i>Centre for Economic Research and Teaching</i>
CIPFA	Chartered Institute of Public Finance and Accountancy
CISA	Certified Information Systems Auditor
CNBV	Comisión Nacional Bancaria y de Valores <i>National Banking and Securities Commission</i>
COCODI	Comité de Control y Desarrollo Institucional <i>Committee of Control and Institutional Performance</i>

CONEVAL	Consejo Nacional de Evaluación de la Política de Desarrollo Social <i>National Council for the Evaluation of Social Development Policies</i>
CPC	<i>Comité de Participación Ciudadana</i> Citizen Participation Committee
CRAs	Comisiones Regionales Anticorrupción <i>Regional Anti-corruption Commissions</i>
DAFP	Departamento Administrativo de la Función Pública (Colombia) <i>Administrative Department of Public Administration (Colombia)</i>
DANE	Departamento Administrativo Nacional de Estadística (Colombia) <i>National Statistics Office (Colombia)</i>
ENCIG	Encuesta Nacional de Calidad e Impacto Gubernamental <i>National Survey on the Quality and Impact of Government</i>
ESAP	Escuela Superior de Administración Pública (Colombia) <i>National School of Public Administration (Colombia)</i>
EUR	Euros
EVA	Espacio Virtual de Asesoría <i>Virtual Advisory Space</i>
FDA	Forensic Data Analytics
HATVP	Haute autorité pour la transparence de la vie publique (France) <i>Higher Authority for Transparency in Public Life (France)</i>
HRMF	Human Resources Management Framework (Canada)
IA	Integrity assessment
IEEM	Instituto Electoral del Estado de México <i>Electoral Institute of the State of Mexico</i>
IGECEM	<i>Instituto de Información Geográfica, Estadística y Catastral</i> Institute of geographical, statistical and cadastral information
IIA	Institute of Internal Auditors
INEGI	Instituto Nacional de Estadística y Geografía <i>National Institute for Statistics and Geography</i>
INFOEM	Instituto de Transparencia, Acceso a la Información Pública y Protección de Datos Personales del Estado de México <i>Institute for Transparency, Access to Public Information and Data Protection of the State of Mexico</i>
INTOSAI	International Organization of Supreme Audit Institutions
ISACA	Information Systems Audit and Control Association

ISSAI	International Standards for Supreme Audit Institutions
IT	Information technologies
ITESM	Instituto Tecnológico y de Estudios Superiores de Monterrey <i>Monterrey Institute of Technology and Higher Studies</i>
KIS	Court Information System (Estonia)
KNAB	National Anti-corruption Agency (Latvia)
LARSMM	<i>Ley de Responsabilidades Administrativas del Estado de México y Municipios (LRAEM)</i> Law of Administrative Responsibilities of the State of Mexico and Municipalities
LGRA	Ley General de Responsabilidades Administrativas <i>General Law on Administrative Responsibilities</i>
LGSNA	Ley General del Sistema Nacional Anticorrupción <i>General Law of the National Anti-corruption System</i>
MXN	Mexican pesos
OECD	Organisation for Economic Co-operation and Development
OIC	Órgano Interno de Control <i>Internal Control Body</i>
OII	Oficina de Integridad Institucional (Perú) <i>Office of Institutional Integrity (Peru)</i>
OGE	Office of Government Ethics (United States)
OMB	Office of Management and Budget (United States)
OSFEM	Órgano Superior de Fiscalización del Estado de México <i>Supreme Audit Institution of the State of Mexico</i>
PEA	Política Anticorrupción del Estado de México y Municipios <i>Anti-corruption Policy of the State of Mexico and Municipalities</i>
PEP	Politically exposed person
PTAR	Programa de Trabajo de Administración de Riesgos <i>Risk management working programme</i>
SAEMM	Sistema Anticorrupción del Estado de México y Municipios <i>Anti-corruption System of the State of Mexico and Municipalities</i>
SAM	Sistema de Atención Mexiquense <i>State of Mexico Attention System</i>
SARA	Sistema Administrativo para Resultados Anticorrupción <i>Administrative System for Anti-corruption Results</i>

SAT	Sistema de Administración Tributaria <i>Tax Administration Service</i>
SECOGEM	Secretaría de la Contraloría del Gobierno del Estado de México <i>Office of the Comptroller-General of the State of Mexico</i>
SESAEMM	Secretaría Ejecutiva del Sistema Anticorrupción del Estado de México y Municipios <i>Executive Secretariat of the Anti-corruption System of the State of Mexico and Municipalities</i>
SESNA	Secretaría Ejecutiva del Sistema Nacional Anticorrupción <i>Executive Secretariat of the National Anti-corruption System</i>
SFP	Secretaría de la Función Pública <i>Ministry of Public Administration of Mexico's Federal Government</i>
SICOE	Sistema de los Comités de Ética <i>System of Ethics Committees</i>
SIRA	Sistema Integral de Responsabilidades Administrativas <i>Comprehensive System of Administrative Responsibility</i>
SIS	Special Investigation Service (Lithuania)
SMA	Sistema Municipal Anticorrupción <i>Municipal Anti-corruption System</i>
SNAC	Sistema Nacional Anticorrupción <i>National Anti-corruption System</i>
TIAPS	Training of internal auditors in the public sector
TJAEM	Tribunal de Justicia Administrativa del Estado de México <i>Administrative Justice Tribunal of the State of Mexico</i>
TSJEM	Tribunal Superior de Justicia del Estado de México <i>Superior Court of the State of Mexico</i>
UAEM	Universidad Autónoma del Estado de México <i>Autonomous University of the State of Mexico</i>
USD	United States dollars

# Executive summary

## Key findings

Experience suggests that a strong and crosscutting integrity system at all levels of government, involving the private sector and society as a whole, is essential for combating corruption. Setting clear and co-ordinated institutional responsibilities for designing, leading and implementing the integrity system is crucial to ensure implementation and contribute to positive change.

To improve co-ordination and avoid gaps and duplication in the prevention and detection of corruption, the State of Mexico established its Anti-corruption System (*Sistema Anticorrupción del Estado de México y Municipios*, SAEMM) in 2017, harmonising its legal framework with the model adopted at the federal level. The SAEMM aims to address policy fragmentation, develop a more comprehensive and coherent approach to integrity, and overcome notorious “implementation gaps” by improving co-ordination both vertically and horizontally, and by bringing municipalities under the remit of the system.

A public integrity strategy is essential to support a coherent and comprehensive integrity system. After a broad multi-stakeholder consultation, the SAEMM Executive Commission developed the draft anti-corruption policy, which was approved in July 2020 (*Política Anticorrupción del Estado de México y Municipios*, PEA). As of October 2020, the State of Mexico was the only federal state that had included an additional strategic axis on public ethics and integrity with twelve priorities for public policy.

The Code of Ethics for the Executive contains 15 principles and 8 values of the public service, which are mostly consistent with those defined in other relevant legislation. These 23 values and principles are also similar to those emphasised by most OECD Member countries. However, some of the 23 principles and values seem repetitive and may lead to confusion among public officials.

The State of Mexico has a solid regulatory framework to promote a control environment that is oriented towards public integrity. The existence of mechanisms that contribute to the control environment was confirmed, but also that they are sometimes conceived as formalities that do not really contribute to ensure the achievement of institutional objectives. The functions of the Committees of Control and Institutional Performance (*Comités de Control y Desempeño Institucional*, COCODI) and the Internal Control Bodies (*Órganos Internos de Control*, OIC) are not fully understood by line public officials, since the organisational culture of ministries and auxiliary bodies leads them to consider control as an exclusive task of the Office of the Comptroller-General (*Secretaría de la Contraloría*, SECOGEM).

The anti-corruption reform to implement the SAEMM in 2017 included a regulation on administrative liability and proceedings, which is the Law of Administrative Responsibilities of the State of Mexico and Municipalities (*Ley de Responsabilidades Administrativas del Estado de México y Municipios*, LRAEM). The legal framework provides a comprehensive and solid foundation for enforcing integrity rules and standards, which is also coherent with the national framework. However, given the significant amount of new procedures and mechanisms, further efforts will be required to facilitate their implementation and, eventually, the enforcement of sanctions.

## Key recommendations

- **To ensure the implementation of the SAEMM at the entity level, a dedicated contact point in each ministry and auxiliary agency could be established.**
  - The contact point would be tasked to co-ordinate with the Executive Secretariat of the SAEMM by reporting on the progress of implementation and communicating challenges.
- **Integrity units could replace the Ethics Committees to ensure effective mainstreaming of integrity policies and practices.**
  - The functions of the integrity units should be purely preventive, with dedicated staff, sufficient financial resources and a direct reporting line to the highest authority of the entity.
- **Instead of mandating municipalities to establish Municipal Anti-corruption Systems, the SAEMM could focus on building the necessary level of maturity for successful implementation at local level.**
  - In order to manage expectations and set realistic objectives for strengthening integrity, municipalities could be mandated to conduct diagnostic analyses of internal strengths and weaknesses and external opportunities and threats of the municipal government, on which basis the priorities for integrity would be set.
- **To ensure that the anti-corruption policy reflects the key issues of the State of Mexico, it should consider additional priorities, such as:**
  - measures to mitigate the risk of political capture and clientelism;
  - disentangling the nexus of corruption, organised crime and insecurity; and
  - countering police corruption.
- **The State of Mexico could identify, in a participative manner, 5 to 7 core values that public officials consider as most relevant, with which they identify and to which they aspire.**
  - The State of Mexico could initiate a process to simplify the values contained in the current Code of Ethics and thereby enhance its clarity and practical relevance while remaining aligned with the existing legal provisions.
- **The State of Mexico has a solid regulatory framework to promote a control environment oriented towards public integrity. However, more could be done to set specific objectives for an effective control system:**
  - ensuring the ownership of control and accountability by officials and key personnel in the process of implementation and developing an internal control system with the aim of achieving impact in ensuring the fulfilment of institutional objectives.
- **The State government needs to have coherent control mechanisms and SECOGEM should promote an appropriate function of internal audit, through a series of measures:**
  - strengthening SECOGEM's capacity to add information about control mechanisms, so that it delivers reports that increase the strategic capacity for decision making of the government and the SAEMM; and
  - clearly separating the control, supervision and audit roles, using the Three Lines of Defence Model, in such a way that the third line of defence is embodied by OICs and SECOGEM.
- **SECOGEM could scale up existing training efforts for staff working in administrative liability offices – including at municipal level – focusing on the correct and uniform application of procedural rules and interpretation.**
  - SECOGEM – together with the Administrative Justice Tribunal of the State of Mexico – could organise awareness-raising activities on administrative liability enforcement, targeting all public officials to support and legitimise the new legal framework.



# 1

## Adapting the anti-corruption system to the needs of the State of Mexico

---

This chapter analyses the Anti-corruption System of the State of Mexico and Municipalities and its alignment with the first pillar of the *OECD Recommendation of the Council on Public Integrity* on building a coherent and comprehensive public integrity system. The establishment of the Anti-corruption System has been a vital step towards improved co-ordination among the principal integrity actors backed up by high-level commitment. However, further efforts are needed to engage with those actors currently not represented, to ensure the implementation of the Anti-corruption Policy by effectively mobilising political and managerial leadership within public institutions, and to reinforce outreach efforts to the municipal level.

---

Experience suggests that a strong and crosscutting integrity system at all levels of government, and involving the private sector and society as a whole, is essential to combat corruption. However, while many governments in Latin America have prioritised anti-corruption policies and strategies, enforcing these policies and promoting a broader culture of integrity in public and private institutions remains one of the major challenges in the region, including in Mexico. Many countries tend to rely on fighting corruption by reinforcing investigative and sanctioning powers, hereby ignoring preventive measures to eliminate systemic and institutional weaknesses that facilitate corruption and other integrity breaches. By balancing prevention, investigation and sanction, countries work towards achieving a proactive “culture of integrity”, instead of merely reacting to cases (OECD, 2019<sup>[1]</sup>).

Public integrity implies that those in charge of managing the public sector not only comply with the law, but also that they align their behaviour according to well-defined values and standards of conduct, with the aim of prioritising the public over the private interest. In this way, citizens and private sector actors can feel confident that they are living and working in a context of equal conditions and opportunities, where meritocracy and effort, not connections or bribes, determine opportunities. Ensuring that values and standards of conduct in public service are effectively implemented is therefore a necessary condition for reversing the decline in trust in government (OECD, 2017<sup>[2]</sup>).

The 2017 *OECD Recommendation of the Council on Public Integrity* provides policy makers with a vision for a coherent and comprehensive public integrity system. It underlines the need for a context dependent, behavioural and risk-based approach to public integrity with an emphasis on cultivating a culture of integrity across government and the whole-of-society (Figure 1.1). A culture of integrity is achieved through resilient systems that emphasise values and establish an environment where corruption risks are identified and minimised, integrity is rewarded, and where accountability and the credibility of the system are ensured through timely and visible enforcement mechanisms (OECD, 2017<sup>[2]</sup>).

**Figure 1.1. The OECD Recommendation on Public Integrity – A strategy for a co-ordinated approach to integrity**



Source: (OECD, 2017<sup>[2]</sup>).

This chapter assesses the integrity system in the State of Mexico, examining issues related to co-ordination, implementation and high-level commitment. It takes as its model the theoretical framework provided by the *OECD Recommendation of the Council on Public Integrity* (OECD, 2017<sup>[2]</sup>), as well as experience and good practices from other countries. Special emphasis is placed on analysing the Local Anti-corruption System that the State of Mexico established in 2017 in line with the broader national anti-corruption reform initiated in 2015 to co-ordinate all institutions in charge of preventing, detecting and sanctioning corruption across all levels of government (Box 1.1).

### Box 1.1. Mexico's national anti-corruption reform

On 27 May 2015, Mexico's Federal Official Gazette (*Diario Oficial de la Federación*) published a Decree under which several provisions of the Constitution were amended, added or repealed (specifically, Articles 22, 28, 41, 73, 74, 76, 79, 104, 108, 109, 113, 114, 116 and 122). This reform first enshrined the National Anti-corruption System (*Sistema Nacional Anticorrupción*, or SNAC) into law and set in motion the debates around and the eventual passage of the secondary legislation necessary to establish the integrity system. Just over a year later, on 18 July 2016, these secondary laws were promulgated by decree (*Decreto por el que se expide la Ley General del Sistema Nacional Anticorrupción; la Ley General de Responsabilidades Administrativas, y la Ley Orgánica del Tribunal Federal de Justicia Administrativa*) and included:

The **General Law of the National Anti-corruption System** (*Ley General del Sistema Nacional Anticorrupción*, LGSNA): This is the cornerstone legislation, which establishes the institutional and governance arrangements for the SNAC, and outlines objectives and required activities. Given its status as a General Law, it requires Mexico's federal states to set up their own systems along similar lines. The law also requires specific information items to be published in a newly created Digital Platform (*Plataforma Digital Nacional*).

The **Organic Law of the Federal Tribunal of Administrative Justice** (*Ley Orgánica del Tribunal Federal de Justicia Administrativa*): The institution was granted autonomy under the Constitutional Reform of 2015, and this new law established the organisation of the Tribunal and its courts, including regional courts. The Law also sets out rules for the selection and removal of magistrates.

The **General Law of Administrative Responsibilities** (*Ley General de Responsabilidades Administrativas*): This is a new law that replaced the Federal Law of Administrative Responsibilities when it expired in July 2017. The new law lays out the duties and responsibilities of public officials (including the disclosure of private interests) and sets out administrative disciplinary procedures for misconduct, differentiating between less serious and serious offences, which may now fall under the jurisdiction of the Federal Tribunal of Administrative Justice. Notably, it also expands liability for alleged integrity breaches to natural and legal persons.

Source: (OECD, 2017<sup>[3]</sup>).

## Strengthening the governance of the Anti-corruption System of the State of Mexico and Municipalities

### ***The Anti-corruption System of the State of Mexico and Municipalities sets the basis for a co-ordinated approach to integrity in all branches and levels of government***

In a public integrity system, various institutions and entities from all government branches and levels have mandates and functions contributing to public integrity. Setting clear and co-ordinated institutional responsibilities for designing, leading and implementing the elements of the integrity system are a fundamental prerequisite to ensure the implementation of normative requirements and measures that mutually reinforce each other and contribute to positive change. These responsibilities need to be supported by the mandate, resources and capacities necessary to fulfil them effectively.

Managing public integrity is therefore a whole-of-government responsibility involving many organisations in the public sector. In OECD countries, a decentralised approach for managing integrity prevails. In most cases, individual line ministries within the executive branch are responsible for designing and leading the core integrity policies (integrity rules and codes of conduct; policies for the management of conflict of interest; the transparency of lobbying activities; and internal control and risk management). The same can be noted in relation to the design of a country's national integrity or anti-corruption strategy. A risk of duplication and overlap arises from several line ministries being responsible for specific integrity policies, threatening the effectiveness of integrity policies and the integrity system as a whole. It is, therefore, essential, as stressed by the OECD *Recommendation on Public Integrity*, to establish mechanisms for horizontal and vertical co-operation between all relevant actors within the executive “through formal or informal means to support coherence and avoid overlap and gaps, and to share and build on lessons learned from good practices”. (OECD, 2017<sup>[2]</sup>; OECD, 2018<sup>[4]</sup>)

In the State of Mexico, several institutions are responsible for the areas related to public integrity and, as such, for part of the public integrity system (Box 1.2). According to Article 38 bis of the Organic Law of the Public Administration of the State of Mexico (*Ley Orgánica de la Administración Pública del Estado de México*), the Office of the Comptroller-General of the State of Mexico (*Secretaría de la Contraloría del Estado de México*, SECOGEM) is the leading body on integrity and anti-corruption. Its responsibilities include prevention, detection and sanctioning of corruption in areas such as public ethics, asset declarations, managing conflict of interest, internal control, the efficiency of the public administration, receipt of whistleblower reports, and investigation of violations of public servants' administrative responsibilities. Within the executive, the Ministry of Finance (*Secretaría de Finanzas*) is responsible for human resources management, in co-ordination with the Institute of Professionalisation of Public Servants (*Instituto de Profesionalización de los Servidores Públicos del Poder Ejecutivo del Estado de México*).

In addition, the Supreme Audit Institution of the State of Mexico (*Órgano Superior de Fiscalización del Estado de México*, OSFEM), the Superior Court of the State of Mexico (*Tribunal Superior de Justicia del Estado de México*), and the Institute for Transparency, Access to Public Information and Data Protection (*Instituto de Transparencia, Acceso a la Información Pública y Protección de Datos Personales del Estado de México*, INFOEM) play a key role. Their core mandates relate to external control, justice and transparency.

### Box 1.2. Key actors of the public integrity system in the State of Mexico

The **Office of the Comptroller-General of the State of Mexico** (*Secretaría de la Contraloría del Estado de México*, SECOGEM) is responsible for all matters relating to the control and evaluation of public management of the different entities that make up the public administration of the State of Mexico. Its responsibilities include public ethics, managing conflict of interest and asset declarations; supervising and monitoring public expenses; monitoring compliance with internal rules; nominating and co-ordinating with the heads of the internal control bodies in the government entities issuing guidelines for audits; controlling public procurement; overseeing the complaints mechanism; initiating and investigating violations of administrative responsibilities; and producing guidelines on efficiency, transparency, accounting and access to information.

The **Institute of Professionalisation of Public Servants of the Executive Branch in the State of Mexico** (*Instituto de Profesionalización de los Servidores Públicos del Poder Ejecutivo del Estado de México*), dependent of the Ministry of Finance, is responsible for the training and professionalisation of public servants.

The **Supreme Audit Institution of the State of Mexico** (*Órgano Superior de Fiscalización del Estado de México*, OSFEM), which is accountable to the legislative assembly, is responsible for auditing public accounts. OSFEM, as the Supreme Audit Institution, has the authority to determine damages to the public accounts and assets of the state government.

The **Institute for Transparency, Access to Public Information and Data Protection of the State of Mexico** (*Instituto de Transparencia, Acceso a la Información Pública y Protección de Datos Personales del Estado de México y Municipios*, INFOEM) is an autonomous body, as stipulated in the Law on Transparency, Access to Public Information and Accountability (*Ley de Transparencia y Acceso a la Información Pública del Estado de México*). It is in charge of guaranteeing the right of access to public information and the protection of personal data, and promotes transparency and accountability.

The judiciary is headed by the **Superior Court of the State of Mexico** (*Tribunal Superior de Justicia del Estado de México*, TSJEM). The **Administrative Justice Tribunal** (*Tribunal de Justicia Administrativa del Estado de México*, TJAEM) and the **Specialised Anti-corruption Prosecutor** (*Fiscalía Especializada en Combate a la Corrupción*) are responsible for sanctioning breaches of integrity rules. The former can review serious administrative offences and corruption acts and the latter will be responsible for investigating and prosecuting corruption cases involving public servants and individuals, as well as supervising and organising the work by prosecutors, investigators and experts who are part of the Public Prosecutor's Office (*Fiscalía General de Justicia del Estado de México*). This Specialised Anti-corruption Prosecutor can also investigate ex officio, and if required, prosecute potential corrupt acts.

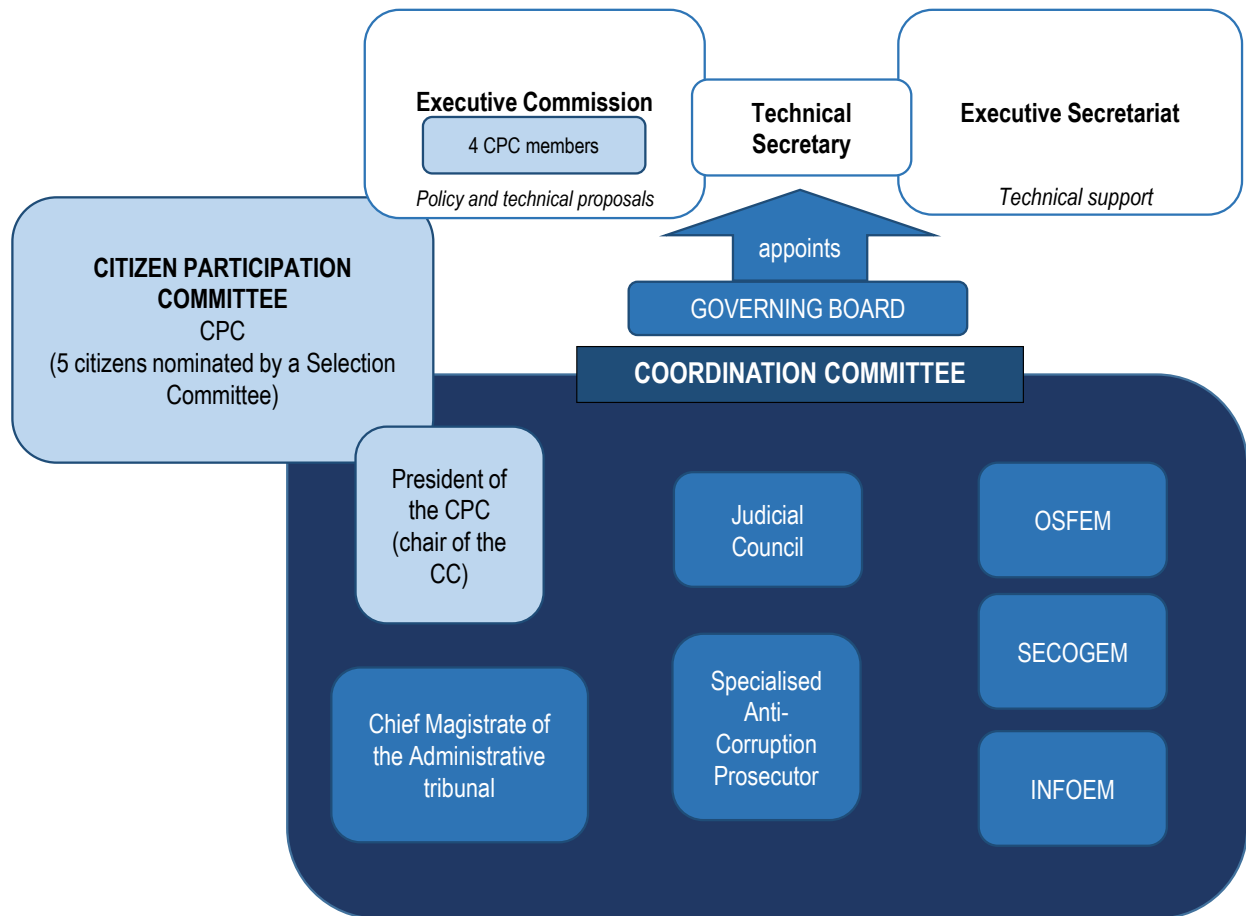
Source: Constitución Política del Estado Libre y Soberano de México, Ley Orgánica de la Administración Pública del Estado de México, Ley de Fiscalización Superior del Estado de México, Ley de Transparencia y Acceso a la Información Pública del Estado de México y Municipios, Ley Orgánica del Poder Judicial del Estado de México.

To improve co-ordination and avoid gaps and duplication in the prevention and detection of corruption, the State of Mexico implemented the Anti-corruption System of the State of Mexico and Municipalities (*Sistema Anticorrupción del Estado de México y Municipios*, SAEMM) in 2017. In this way, the State of Mexico harmonised its legal framework with the model established at the federal level (Box 1.1). The SAEMM aims to:

- addressing fragmentation in policies and developing a more comprehensive and coherent approach to integrity
- overcoming notorious “implementation gaps” by improving co-ordination both vertically (across the state government) and horizontally (between levels of government), and particularly by bringing municipalities under the remit of the system
- strengthening enforcement mechanisms for integrity breaches under both administrative and criminal jurisdictions, and including for private sector actors
- reinforcing oversight by requiring greater transparency, expanded auditing powers and greater involvement of civil society (OECD, 2017<sup>[3]</sup>).

Building on the National Anti-corruption System, the Law on the Anti-corruption System of the State of Mexico And Municipalities (*Ley del Sistema Anticorrupción del Estado de México y Municipios*) specifies the composition, roles and processes making up the internal governance structure of the SAEMM (Figure 1.2 and Table 1.1).

**Figure 1.2. Design of the SAEMM**



Source: Information provided by the Government of the State of Mexico.

**Table 1.1. Governance and responsibilities in the SAEMM**

Entities	Members	Main tasks
Co-ordination Committee	One representative of the Citizen Participation Committee (who is also presiding the session), Comptroller General, Head of the Supreme Audit Institution, President of the Institute for Transparency, Access to Public Information and Data Protection of the State of Mexico and Municipalities, Specialised Anti-corruption Prosecutor, Chief Magistrate of the Administrative Justice Tribunal and representative of the Judicial Council of the Judiciary of the State of Mexico	Establishes the annual work programme, sets the basis, policies, principles and procedures for effective co-ordination among its members and issues non-binding recommendations to strengthen public integrity
Executive Secretariat, which consists of:	Technical support body of the Co-ordination Committee, led by the President of the Citizen Participation Committee. Its governing body is formed by members of the Co-ordination Committee	Provides technical support to the Co-ordination Committee, as well as inputs for the performance of its tasks. Manages the functioning of the Executive Secretariat. Provides technical input to support the Co-ordination Committee activities and responsibilities, including proposals to be approved
- <i>Technical Secretary</i>	<ul style="list-style-type: none"> <li>Appointed (and can also be removed) by the members of the governing body of the Executive Secretariat by qualified majority (5 votes) among people with the same profile as members of the Citizen Participation Committee</li> <li>Appointed for three years with the possibility of re-election for one additional term</li> </ul>	Leads the Executive Secretariat
- <i>Executive Commission</i>	Technical Secretary and Citizen Participation Committee (with exception of this Committee's President)	
Citizen Participation Committee	Five reputable representatives from civil society who have made outstanding contributions to transparency, accountability or the fight against corruption. They are chosen by a Selection Committee of nine experts appointed by the legislative power of the State of Mexico for a period of three years.	Contributes to the fulfilment of the objectives of the Co-ordination Committee and acts as a link with relevant groups from civil society and academic entities. The Citizen Participation Committee can also elaborate specific proposals concerning integrity policies.
State Auditing System	Supreme Audit Institution, Office of the Comptroller-General, Control body of the legislative assembly, and control bodies of municipalities	Establishes actions and co-ordination mechanisms among members to support exchange of information, initiatives and experiences to improve audit of public resources
Municipal Anti-corruption System	Every municipality establishes its own anti-corruption system consisting of: <ul style="list-style-type: none"> <li>Co-ordination Committee (Municipal Comptroller, Head of Transparency and Access to Information Unit, one representative of the municipal Citizen Participation Committee who also presides it)</li> <li>Citizen Participation Committee (consisting of three members from civil society and public integrity experience)</li> </ul>	Sets the basis, principles and policies for preventing, detecting and sanctioning corruption at the municipal level, in co-ordination with the Anti-corruption System at the state level.

Source: Constitution of the State of Mexico (*Constitución Política del Estado Libre y Soberano de México*) and Anti-corruption System Law of the State of Mexico and Municipalities (*Ley del Sistema Anticorrupción del Estado de México y Municipios*).

The design of the SAEMM promotes a co-ordinated and coherent integrity system across government and society. The participation of the Specialised Anti-corruption Prosecutor, the Chief Magistrate of the Administrative Tribunal and the Judicial Council ensures co-ordination and consistency in enforcing the new integrity rules and criminal provisions. In addition, the system facilitates alignment with other areas relevant to integrity such as audit, by explicitly including a section on the State Auditing System in the Anti-corruption Law and, as such, promoting co-ordination between the two systems (OECD, 2018<sup>[4]</sup>). Lastly, by including the responsibility for municipalities to establish their own anti-corruption systems, vertical co-ordination can be improved throughout all levels of government through a dedicated focal point for co-ordinated action. This is reinforced by the State Anti-corruption Policy (*Política Anticorrupción del Estado de México y Municipios*, PEA), which includes all three branches, autonomous bodies and the municipalities.

However, in order to ensure that the SAEMM is implemented, it is indispensable that institutions fulfil their responsibilities. The State of Mexico is among those states that have carried out all the appointments necessary for the functioning of the anti-corruption system, as pursuant to the law ensuring the functioning of all governing bodies of the System. In addition, all institutions have actively and regularly participated in all ordinary and extraordinary meetings of the Co-ordination Committee and the Governing Body of the Executive Secretariat of the SAEMM, ensuring the adoption of the annual work plans, an annual progress report and the development and adoption of the PEA (see Chapter 2 for further analysis of the anti-corruption policy).

In addition, the State of Mexico was the first state to adhere to the National Digital Platform. The Platform's objective is to gather, consult and cross-examine key information to prevent, investigate and sanction corruption, such as a database on asset declarations, records of public officials involved in public procurement contracts, sanctioned public officials and individuals, public complaints related to corruption and public procurement contracts. Until 2020, the State of Mexico has achieved 100% interoperability with the data systems providing information on sanctioned public officials and individuals and the system on public officials involved in procurement contracts. The Platform is not only essential to carry out integrity risk assessments and improve the use of public procurement information, but it is also a source of information for the public on all data relevant to analyse the government's progress in strengthening integrity, both at the national and state level. By joining the platform, the State of Mexico is reinforcing its commitment to transparency.

The OECD *Recommendation on Public Integrity* advocates for commitment at the highest political level. One way to demonstrate this is to ensure that public integrity is integrated into the wider public management and governance framework. Based on the institutional framework for the SAEMM in 2017, the government incorporated anti-corruption into the development plan 2017-23. Preventing, detecting and investigating corruption is mainstreamed throughout the plan, as a specific objective to strengthen the fight against corruption (Objective 4.3) within the public security pillar. Furthermore, the pillar on transparency and accountability sets the implementation of the SAEMM as a specific objective (Objective 5.6). This objective is broken down into several strategies with clear lines of action. In this way, the development strategy ensures that integrity is mainstreamed throughout the entire public sector by linking the implementation of the Anti-corruption System with the development strategy. This also sets the basis for committing the necessary financial and human resources.

Furthermore, illustrating the commitment of the state leadership to SAEMM, the State of Mexico is the federal state that has committed the highest budget in absolute numbers to the Executive Secretariat of the Anti-corruption System. Interviews with stakeholders confirm that the budget allocated is sufficient for the running costs of the system and executing the necessary actions. However, in order to ensure that the budget remains consistent and is not dependent on political fluctuations, the State of Mexico could consider amending the Anti-corruption System Law to guarantee a stable budget in relation to a specific percentage of the state overall budget.

### ***The Electoral Institute of the State of Mexico needs to be included in the Anti-Corruption System to ensure its comprehensiveness***

Principle 13 of the OECD *Recommendation on Public Integrity* calls adherents to promote accountability and the public interest throughout the policy-making process by averting policy capture by narrow interest groups. One way is instilling transparency in the financing of political parties and election campaigns. Indeed, policy capture and corruption are closely interlinked. Special interests may influence the results of elections to ensure that the elected public officials, once they are in office, represent the interests of those who supported them. For example, elected politicians may have to return favours to those who supported them and brought them into office by providing them with public contracts, e.g. infrastructure projects, subsidies, or public employment, e.g. through "bureaucratic quotas" in the public administration. The



financing of political parties and election campaigns is thus a powerful instrument for narrow interests to exercise influence and “capture” the policy process.

The integrity of the electoral process is also a necessary condition to guarantee inclusive participation in democracy, prevent unbalanced influence of private interests, and support a public integrity system. Interviews with stakeholders confirm that key priority elements to prevent corruption in the State of Mexico include, among others, illegal financing of political parties, clientelist practices, recurrent changes of electoral rules, as well as the openness, transparency and democratic governance of representative organisations, like political parties and trade unions.

However, replicating the flaw in the national model and the general law, the SAEMM does not include the Electoral Institute of the State of Mexico (*Instituto Electoral del Estado de México*, IEEM) in the Co-ordination Committee. To strengthen policies and standards on the financing of elections and political movements, the Electoral Institute may be involved, either formally or by being invited to specific meetings, in the Anti-corruption System. While the formal inclusion of the IEEM would be preferable to ensure continuity and sending a strong signal on the priority of ensuring integrity in electoral processes, under the current design of the Anti-corruption System this might not be possible. In that situation, the invitation of the IEEM in meetings as a key stakeholder would be crucial. Likewise, the State of Mexico could lead the discussions so that electoral institutions can be considered in both, the national and the state anti-corruption systems. In the meanwhile, IEEM could develop its own integrity frameworks and tools, to be applied to political parties as well.

***To further strengthen co-ordination, additional integrity-related public sector institutions should be invited to meetings of the SAEMM on an ad-hoc basis***

A strategic approach to public integrity needs to be based on evidence, adopt a system-wide perspective and focus on the key integrity risks. While the SAEMM is a significant step to improving co-ordination among the principal integrity actors in the State of Mexico, additional public sector institutions would need to be consulted on a regular basis to develop balanced and actionable integrity policies. By not involving these additional actors in the system, it fails to acknowledge that action can only be demanded from those bodies involved. It may also weaken the System by not being able to access timely information from these bodies, which supports the identification of areas and sectors that are particularly vulnerable to corruption. In this way, priorities can be set and a risk-based approach developed. This is in line with the recommendation given by the OECD at the national level to include additional actors in the National Anti-corruption System (OECD, 2017<sup>[31]</sup>). A formal inclusion in the Co-ordination Committee poses the risk of overburdening the system and making meetings of the Committee ineffective due to its size. However, the Anti-corruption Law gives the Governing Board (Article 28) and the Executive Commission (Article 32) the right to invite specialists in the topics discussed to their meetings with a right to speak, but not to vote. The Governing Board and the Executive Commission are responsible for preparing thematic studies on advancing integrity policies. So far, the Executive Commission has not invited other institutions to its meetings. However, it would be crucial to do so to ensure that anti-corruption priorities strategies are articulated in a co-ordinated way and as foreseen in the actions planned to implement the PEA.

Among others, the following institutions could be invited on a regular basis according to the thematic discussions held at the meetings of the Governing Board or the Executive Commission:

- **Ministry of Security** (*Secretaría de Seguridad*): The Ministry of Security is responsible for planning, formulating, co-ordinating, executing, monitoring and evaluating public security policies, programmes and actions. Given the high level of insecurity in specific areas of the State of Mexico and the inclusion of corruption prevention within the Security Pillar of the Development Plan, it would be key to invite the Ministry of Security to meetings to ensure co-ordination.
- **Ministry of Finance** (*Secretaría de Finanzas*): The Ministry of Finance has a broad portfolio of functions related to integrity, such as the management of human resources in the public sector,

public procurement, overseeing the regional and sectorial development plans and managing the overall resources of the state.

- **Institute of Professionalisation of Public Servants of the Executive Branch** (*Instituto de Profesionalización de los Servidores Públicos del Poder Ejecutivo*): A strategic approach to public integrity requires integrity training to be integrated into the wider skills development framework of any public service. Inviting the Institute of Professionalisation to meetings can help mainstreaming integrity training for public officials.
- **Ministry of Education** (*Secretaría de Educación*): The Ministry could play a role in developing awareness-raising activities on corruption and including anti-corruption modules in the school curriculum.

By including these additional actors on an ad-hoc basis and according to a risk-based approach in the meetings of the Governing Board and the Executive Commission, co-ordination between the integrity actors would significantly improve and mainstreaming of integrity measures throughout the administration would be facilitated. In this way, the SAEMM would take a step towards a strategic approach to public integrity that encompasses the overall integrity system and allows the identification and analysis of the integrity risks that are most harmful to public integrity in order to mitigate them successfully. This participative approach would also help in generating ownership of the different institutions at a more technical level. Furthermore, the PEA implementation relies on and foresees the effective collaboration with these entities.

The OECD *Recommendation on Public Integrity* underlines that adherents should “promote a whole-of-society culture of public integrity, partnering with the private sector, civil society and individuals”. While the SAEMM involves civil society prominently, the private sector is not explicitly represented. However, the interaction between the private and public sector presents a high risk for corruption, ethical misconduct and fraud. In order to ensure that the SAEMM has a clear, concise and grounded understanding of the integrity challenges faced by the private sector, the Executive Commission could regularly invite members of the private sector to their meetings. The Executive Commission would need to invite a broad representation of the private sector on a rotating basis to ensure balanced access and that neither the perception nor actual preferential treatment of a specific actor arises. In line with this, the Executive Secretariat is indeed foreseeing the co-operation and active involvement of the private sector and the civil society in the PEA implementation.

Gathering information from the private sector would also help avert unintended impacts and avoid practical implementation problems associated with integrity policies. In addition, engaging the private sector in developing regulations can lead to higher compliance with and acceptance of such regulations, in particular when stakeholders feel that their views were considered and when they understand how their comments were taken into account. (OECD, 2020<sup>[5]</sup>; Lind and Arndt, 2016<sup>[6]</sup>). The PEA foresees the interaction with the private sector and specifically the use of information provided by the private sector in two key areas:

- Building innovative models to generate databases that include indicators on public ethics and integrity in the public and private sector and society, taking into account a human rights and gender perspective; and
- Developing the conditions to design, develop and implement an integrity system in the public service in which representatives of the private sector and civil society participate.

***Establishing sub commissions for prevention and enforcement within the Executive Commission could improve the quality of technical discussions and strengthen implementation***

The Executive Secretariat of the SAEMM is the body in charge of providing technical support to the Co-ordination Committee, both in terms of technical assistance and agenda setting. The quality of its work will affect the measures taken by the Co-ordination Committee and therefore the effectiveness of the SAEMM as a whole. The Executive Secretariat is formed by the Technical Secretary, the Executive Commission consisting of the Technical Secretary and the Citizen Participation Committee except its President, and the governing body consisting of the members of the Co-ordination Committee and led by the President of the Citizen Participation Committee.

The strength of the SAEMM lies in bringing together the main integrity actors and their different perspectives, experiences and good practices. In order to take full advantage of this multitude of experiences and available data, the SAEMM could create two technical sub-commissions within the Executive Commission, one on prevention and another on enforcement. Prevention and enforcement of corruption usually involve two different sets of actors. For instance, concerning enforcement, drafts and proposals on disciplinary issues would benefit from exchanges and consultation with SECOGEM, OSFEM and the Special Anti-corruption Prosecutor. Furthermore, a sub commission could contribute to create mutual confidence, favour the exchange of information and foster the discussion, as well as the elaboration of effective measures to overcome common challenges. The sub commissions would feed into the discussion in the Co-ordination Committee, preparing technical inputs and debates. These sub commissions consisting of the members of the Citizen Participation Committee and the technical entities responsible for prevention or investigation could hold their meetings in the form of extraordinary meetings. In order to not overburden the head of the respective institutions, they could be represented by the technical level given that the work in these sub-commissions would involve technical discussions, rather than political decisions (OECD, 2018<sup>[4]</sup>).

Establishing these two sub-commissions would contribute to addressing common gaps that often emerge in the work of the anticorruption co-ordination bodies, such as:

- focusing on legislative and normative reforms with insufficient emphasis on actual implementation;
- favouring politically attractive high-level prosecution cases instead of deeper structural reforms targeting the root causes of corruption;
- setting overly ambitious objectives with limited institutional capacities technocratic solutions with no acknowledgement of the problem of vested political or economic interests;
- favouring holistic and broad approaches without acknowledging the necessity to set priorities and consider the timing of interventions (Hussmann, 2007<sup>[7]</sup>).

The sub-commissions would be aligned with the proposal of the PEA to create interinstitutional groups, consisting of three members of the Co-ordination Committee and supported by the Technical Secretary, to oversee the implementation of the Policy in specific areas. Therefore, the Co-ordination Committee could evaluate the proposal for the interinstitutional groups within the aspect of creating sub-commissions relevant for technical discussion, analysis and proposals on prevention and investigation and overseeing the implementation of the Policy in these areas. The organisational set-up could be tested informally first and, after evaluation, formally establishing the sub-commissions at the statute level pursuant to Article 28 of the Anticorruption System Law of the State of Mexico. This set-up could be replicated within the Executive Secretariat of the SAEMM, specifically the General Directorate of Anti-corruption Public Policies and Risks.

***A dedicated contact point in the public institutions for liaising with the SAEMM would facilitate the mainstreaming of integrity***

The effectiveness of the SAEMM does not only depend on the design of the system, but also on the proactive role of its members to contribute to it, provide necessary information, and implement measures and policies agreed within the Co-ordination Committee. While the former aspect is crucial to ensure that all relevant actors are part of the system, the latter ensures that SAEMM does not remain a formal mechanism having little or no impact on entities and, in turn, on citizens. Both aspects are recognised in the OECD *Recommendation on Public Integrity*, which stresses the need to establish responsibilities at all levels not only for designing and leading the integrity system, but also for implementing its elements and policies, including at the organisational level (OECD, 2018<sup>[4]</sup>).

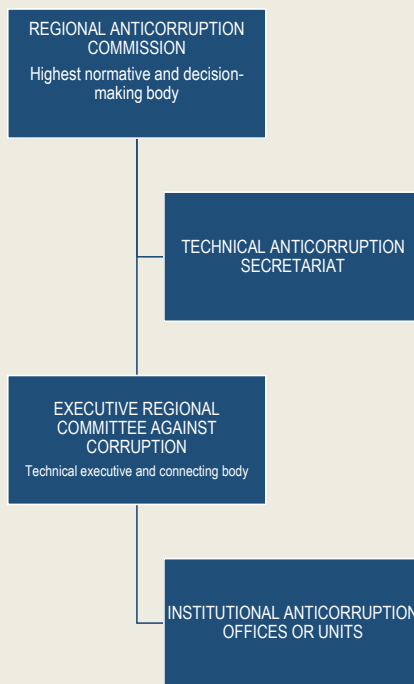
To achieve this, a dedicated contact point in each institution could be established. The contact point would be tasked to liaising with the Executive Secretariat of the Anti-corruption System by reporting on the progress of implementation and communicating implementation challenges. The contact point would not itself be responsible for implementation, but rather ensure continuous support and active participation of the institution in any activity or initiative related to the SAEMM, prepare the high-level discussions in the Co-ordination Committee, provide all the necessary information and follow up on commitments undertaken and recommendations issued by the Co-ordination Committee for the respective entity. In addition, contact points (or units) would thus create a network to support the achievement of objectives set by the Co-ordination Committee. In this context, Article 13 of the Anti-corruption System Executive Secretariat Statute (*Estatuto Orgánico de la Secretaría Ejecutiva del Sistema Estatal Anticorrupción*) mandates each member of the governing body to nominate a permanent contact point for the Executive Secretariat. For example, SECOGEM created the Unit for Corruption Prevention, which among other tasks, is acting as a counterpart for the state and national Anti-corruption Systems and prepares any technical inputs necessary. At the federal level, the Ministry of Public Administration (*Secretaría de la Función Pública, SFP*) created a specific unit (*Unidad de Vinculación con el Sistema Nacional Anticorrupción*) to co-ordinate – within the Ministry – the necessary follow-up to policies, plans, programmes and actions related to the National Anti-corruption System. Another example in this context is the model used by the Anti-corruption Commission of Piura (Peru), whereas all institutions participating in such subnational anti-corruption body appoints a unit or office to comply with the objectives, plans, and activities set (Box 1.3).

### Box 1.3. Regional Anti-corruption Commission in Piura (Peru)

Regional Anti-corruption Commissions (CRAs) were established in Peru through Law no. 29976, which also created the High-level Anti-corruption Commission (*Comisión Alto-nivel de Anticorrupción, CAN*), the national body promoting horizontal co-ordination and advancing coherence of the anti-corruption policy framework in Peru.

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.

**Figure 1.3. Organisation of the Regional Anti-corruption Commission in Piura**



Source: (OECD, 2017<sup>[81]</sup>) and Powerpoint presentation prepared by Piura's Regional Anticorruption Commission, [http://anticorrupcion.regionpiura.gob.pe/detalle.php?idpag=3&pagina=uni\\_lucha&verper=0&tit=2](http://anticorrupcion.regionpiura.gob.pe/detalle.php?idpag=3&pagina=uni_lucha&verper=0&tit=2).

Piura, one of the regions of the country, set up its regional Anti-corruption Commission (Piura's Commission) through 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 Anti-corruption Plans of the entity, preparing a report of anti-corruption activities, and presenting it during public hearings.

Source: (OECD, 2017<sup>[81]</sup>) and Powerpoint presentation prepared by Piura's Regional Anticorruption Commission, [http://anticorrupcion.regionpiura.gob.pe/detalle.php?idpag=3&pagina=uni\\_lucha&verper=0&tit=2](http://anticorrupcion.regionpiura.gob.pe/detalle.php?idpag=3&pagina=uni_lucha&verper=0&tit=2).

### ***Implementing conflict of interest management policies for the Co-ordination Committee to avoid policy capture***

The objective of the SAEMM is to strengthen the State of Mexico's anti-corruption efforts and promote public integrity. To ensure that the System does not merely become another formal body without any impact, the Co-ordination Committee has the power to issue non-binding recommendations to the respective entities to prevent administrative misconduct and corruption, as well as to improve the performance of internal control bodies (Article 9 of the Anticorruption System Law). The Citizen Participation Committee has the right to propose recommendations to the Co-ordination Committee via its participation in the Executive Commission, which presents the proposed recommendation for its approval to the Co-ordination Committee (Articles 21 and 31). Institutions must respond to the recommendations issued within fifteen days, either rejecting or accepting them and present the necessary actions to implement them. If institutions accept recommendations, they must inform the Co-ordination Committee of the concrete actions foreseen to fulfil them.

The Anti-corruption System Law foresees that the Co-ordination Committee reports on progress of the recommendations in its annual report. To ensure transparency and accountability to citizens, the Co-ordination Committee could consider publishing all recommendations in a dashboard on its website. This dashboard could include the measures proposed by the institutions concerned, any necessary updates and the progress assessed in the annual report. In this way, individuals could easily track progress and contribute to hold institutions accountable. The Executive Secretariat could be made responsible for ensuring that all information is kept up-to-date and easy to find.

The Citizen Participation Committee has no right to issue recommendations, but rather can only propose recommendations to the Co-ordination Committee via its participation in the Executive Commission. However, recommendations may target the members of the Co-ordination Committee given that they are the main integrity actors. There is a potential risk that the Co-ordination Committee systematically blocks or adjusts proposals for recommendations through a majority vote or amends the proposals in a way to make them easier to achieve.

The fact that this scenario has not materialised so far does not mean it could not happen, particularly as SAEMM is a relatively young institution. In order to mitigate the risk, the Co-ordination Committee could adopt an internal regulation that the public institutions, to which a recommendation is addressed, cannot decide on the issuing of the recommendation, while still having the possibility to make precisions or clarifications. Furthermore, if recommendations were blocked, the Citizen Participation Committee would have the right to publish the recommendations developed through its own channels and by including the proposed recommendations prominently in the meeting protocols. In this way, the Citizen Participation Committee could strengthen external accountability and build public pressure.

### ***The risk of capture in the Citizen Participation Committee should be mitigated***

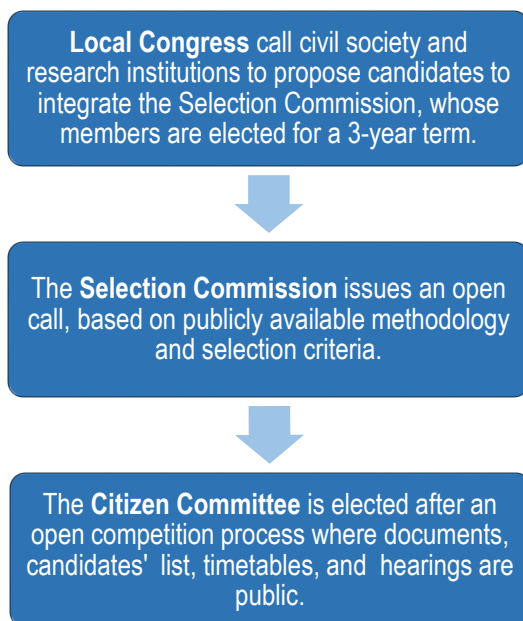
The Anti-corruption System places great emphasis on the role of civil society overseeing the system. The institutional set-up of the anti-corruption systems reflects this by assigning the Citizen Participation Committee the Presidency of both the Co-ordination Committee and the Executive Commission. Among its tasks, the Citizens Participation Committee is called to propose co-ordination mechanisms and non-binding recommendations, build a network of civil society organisations and experts, channel the inputs of civil society and academic institutions into the system, as well as implement 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.

The institutional framework of the SAEMM is in line with the OECD Recommendation, which stresses the importance of collaborating with the whole of society to build effective public integrity systems and calls

states to engage relevant stakeholders in the development, regular update and implementation of the public integrity system (OECD, 2017<sup>[9]</sup>).

According to the procedure laid down by the Anti-corruption System Law, the selection of the Citizen Participation Committee members is conducted by members of civil society and research institutions, who are in turn selected by the State Congress (Figure 1.4).

**Figure 1.4. The selection process for the members of the Citizen Participation Committee**



Source: Elaboration by the OECD.

In order for civil society to be a pillar of the SAEMM, a key priority for the State of Mexico is to ensure that the appointment procedure is carried out through an open and transparent process enabling the participation of independent and reputable experts representing various components of civil society. This would not only enable the effective contribution of civil society, but it would contribute to strengthening the overall legitimacy of the system. However, interviews pointed to a risk that both the members of the Selection Commission and the Citizen Participation Committee might be captured *de facto* by local powers, either by political power or, at the municipal level, by organised crime. This has also been raised by members of the Citizen Participation Committee of the National Anti-corruption System (OECD, 2019<sup>[10]</sup>).

Considering the pivotal role of the State Congress in initiating the selection process for the Citizen Participation Committee, Congress should make sure that all steps to appoint the Selection Commission are subject to the highest standards of transparency and guarantee the fairness and inclusiveness of the process. This implies setting up an open process for considering and designating candidates of the Selection Commission. While the Anti-corruption Law sets requirements for the information published concerning the nomination of the members of the Citizen Participation Committee, the same information could be made public for the nomination process of the Selection Commission. According to Article 18, this information would be:

- Methodology to register and assess candidates.
- List of candidates.
- Documents submitted by candidates.
- Chronology of hearings.
- The deadline to make a decision and the session in which it is taken.

Concerning the decision on the members of both the Selection Commission and the Citizen Participation Committee, the authorities could also consider providing additional information concerning the justification for the final decision, including explicit reference to experience and knowledge of the selected members. This could also include financial information concerning the selected candidates such as their assets, activities and a signed declaration disclosing any conflict of interest. Lastly, Article 16 of the Anticorruption System Law could be amended to clearly state that the members of the Citizen Participation Committee cannot exercise any other employment that would create a conflict of interest (OECD, 2017<sup>[9]</sup>) Furthermore, the Executive Secretariat should prioritise the development of a strategy to prevent the capture of the nomination processes.

***The Executive Secretariat role as a technical support body for both, the Co-ordination Committee and the Citizen Participation Committee, could be formalised***

Given the prominent role of the Citizen Participation Committee in the functioning of the Anti-corruption System, its members have multiple tasks and functions to fulfil. However, interviews confirm that the Citizen Participation Committee has been encountering difficulties in carrying out all the tasks and functions entrusted by law. The Citizen Participation Committee at the national level also experiences these difficulties. At least in part, this is due to the fact that –pursuant to the LGSNA– it is not formally granted legal personality and its members are remunerated by an honorary fee and do not receive any formal compensation from the state to safeguard their objectivity in their contribution to the Executive Secretariat. While maintaining the independence of the CPC is essential for its legitimacy as representatives of civil society, it should be able to carry out the tasks entrusted by law.

The SAEMM could therefore consider to widen the Executive Secretariat’s mandate to not only provide technical support to the Co-ordination Committee, but also specifically to the Citizen Participation Committee. Administratively, a new directorate could be created which would be responsible for research and analysis of the proposals developed by the members of the Citizen Participation Committee. This should go along with the necessary increase of the budget for this Secretariat. In addition, Article 25 of the Anti-corruption System Law would need to be amended to formalise this change in mandate.

Related to this, clear parameters for setting the honorary fee for members of the CPC should be established to mitigate the risk of exercising pressure on them by threatening to reduce their fee. The honorary fee should take into consideration the average salary for a public official with similar experience and level of responsibility. In addition, it should not be possible to modify the honorary fee during the term of the member of the Citizen Participation Committee apart from adjustments to the National Consumer Price Index.



## Mainstreaming of integrity policies in the Executive Branch

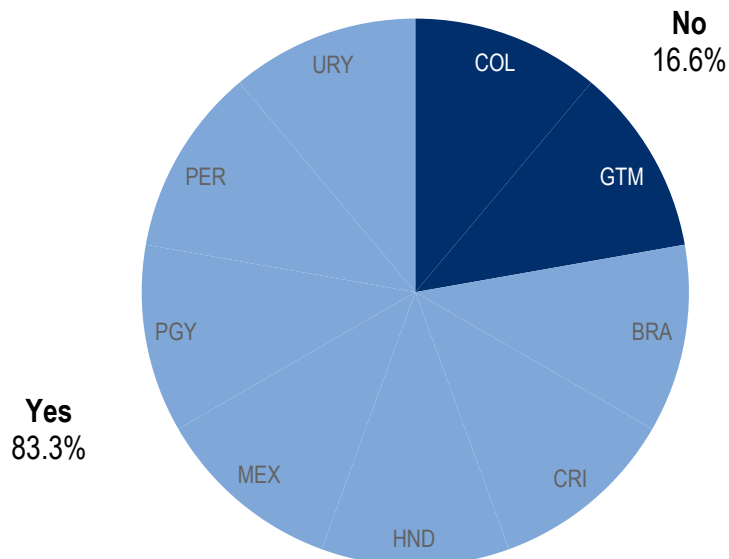
The effective implementation of integrity standards and policies requires, among other things, a clear assignment of responsibilities in the integrity system (OECD, 2017<sup>[2]</sup>). At an organisational level, this discussion frequently tends to focus on particular “integrity actors”: persons, committees or units whose main responsibility is to advance and fulfil integrity within the organisation (OECD, 2019<sup>[11]</sup>).

As stated by the OECD (OECD, 2019<sup>[11]</sup>), there are several reasons why it is important to have a unit dedicated to integrity in an organisation:

- A visible place for integrity management in the organisational structure increases the scope of co-ordination between integrity management instruments and, therefore, allows synergies between instruments. The explicit designation of this co-ordination function to a person, group or organisational unit will significantly increase the possibility of producing such co-ordination.
- A clear location of integrity management in the organisational structure also allows a true accumulation of expertise, as recommendations, insights and better practices would be compiled in a single location within the organisation.
- The anchoring of the integrity management system in the organisation also guarantees the continuity of integrity policies. In practice, it is common that, even when integrity management does bring attention and enthusiasm when launched for the first time, this tends to decrease after some time. Holding a person or entity accountable for long-term integrity management and asking them to report on their progress will significantly reduce this risk.
- The organisational anchoring also has a symbolic element. It provides the signal that integrity is deemed important within the organisation. A typical rule in the theory of organisational design is that “the structure follows the strategy”: the structure reflects subjects of strategic importance for the organisation. If an organisation seeks to attribute importance to integrity, this shall be reflected in its organisational chart.
- Providing integrity with its own position in the organisational chart also provides its own identity. A separate identity does not mean that integrity management instruments are to be isolated from other relevant management lines, such as human resources or financial management. Neither does this mean that those responsible for integrity management have to try to take over areas or instruments of other units that may be considered as integrity management instruments within their own competence sphere. Consequently, the co-operation and articulation among those responsible for integrity and actors of other areas is fundamental.

While the exact design might be different, an OECD survey on public integrity in Latin America shows that the majority of countries requires entities in the Executive Branch to designate integrity officers or units (see, for example, the case of Brazil in Box 1.4).

**Figure 1.5. An increasing number of Latin American countries require entities in the Executive Branch to create integrity units**



Note: In Argentina and Chile, the integrity offices are not obligatory.

Source: 2018 OECD survey on public integrity in Latin America and the Caribbean, updated in 2020.

#### Box 1.4. Integrity Management Units in Brazil

The Office of the Comptroller General of the Union (*Controladoria-Geral da União, CGU*) of Brazil, submitted the Integrity Plan in April 2018 through Portaria nº 1.089 / 2018, that regulates Decree nº 9.203/2017. It states procedures for the structuring, execution and monitoring of integrity programmes in bodies and entities of the Federal Government (ministries, municipalities and public foundations). The first phase of the application process of integrity programmes involves the incorporation of Integrity Management Units within the federal public administration bodies. Contained in Article 4 of Portaria Nº 1.089, dated 25 April 2018, the creation of these units represents a preliminary and necessary condition for administration bodies and entities to embark on the process of applying the Integrity Plan.

As provided in the standards, Integrity Management Units are bodies vested with functional autonomy, which may also be created on the foundation of another unit or committee previously incorporated in the entity, as long as there is at least one public official with permanent competence in relation to the subject matter. Specifically, Integrity Management Units shall have the following powers:

- Co-ordination of the structure, execution and monitoring of the integrity programme.
- Advice to, and training of, public officials regarding subjects related to the integrity programme.
- Promotion of other actions related to the implementation of integrity plans together with the rest of the units of the body or entity.

The CGU Transparency Portal also offers the possibility of accessing a list containing bodies and entities bound by the law to incorporate Integrity Management Units and which indicates whether they have their own unit or not.

Source: Information received by the Ministry of Transparency and the Office of the Comptroller General of the Union, October 2018.

### ***Integrity Units could replace the Ethics Committees to ensure effective mainstreaming of integrity policies and practices in entities***

In line with the reform at the federal level, the Government of the State of Mexico reformed the mandate, functions, attributions and organisational integration of the Ethics Committees of the ministries of the executive branch and its auxiliary agencies (*Acuerdo por el que se emiten los lineamientos generales para establecer las bases de la integración, organización, atribuciones y funcionamiento de los Comités de Ética de las dependencias del Poder Ejecutivo y sus organismos auxiliares del Estado de México*).

In Article 4, the Agreement states that the objective of the Ethics Committees is to promote ethics and public integrity to optimise public service, in accordance with the constitutional and legal principles and values. To do so, each Ethics Committee must define, during the first three months of the year, an annual work plan with specific objectives, goals and activities, in the framework of its permanent obligations:

- Communicating, within the institution, the values and principles of both the Code of Ethics and the Code of Conduct.
- Carrying out training in ethics, integrity and prevention of conflict of interest issues.
- Monitoring and evaluating implementation and compliance of the Code of Conduct.
- Identifying, advancing and monitoring improvement actions for the prevention of breaches of the values, principles and rules of integrity.
- Issuing non-binding opinions and recommendations derived from the knowledge of complaints, related to alleged violations of the Code of Ethics, the Integrity Rules or the Code of Conduct.

To carry out these functions, the Ethics Committee of each entity relies on the human, material and financial resources of the ministry or auxiliary agency, which implies that no additional and independent resources are allocated for its operation. In terms of human resources, every Committee has nine members, each of them with voice and vote. Two of the members participate permanently and seven are elected on a temporary basis, for a two-year period. The permanent members are: 1) the head of the ministry or auxiliary body; and 2) the Technical Secretary, who is appointed by the head of the ministry. The temporary members are public servants of the following hierarchical levels or their equivalents (for every member, there must be a substitute from the same hierarchical level):

- a general director
- an area director
- a deputy director
- a department head
- an administrative delegate
- a liaison
- an operational official.

However, as identified in the OECD Integrity Review at the federal level, the Ethics Committees suffer from several weaknesses which have been replicated in the design of the Committees in the State of Mexico (OECD, 2019<sup>[10]</sup>). First, the members of the Ethics Committees are selected among the staff from the entity on a temporary basis. They often do not have any previous experience in the subject matter. Therefore, they require training on integrity to fulfil effectively their tasks. However, in many cases, once members are trained to fulfil their mandate, their terms are over or, due to high staff turnover, members are replaced prior to the end of their mandate. This affects the continuity and effectiveness of the Ethics Committees. It has also been reported that it has been difficult to mobilise higher-ranking public officials as candidates for the Committees. Furthermore, given that being a member is an additional task, the work will often be only the second priority.

Interviews also confirmed that superiors are often reluctant to facilitate their staff's participation in the committees. Second, while having an Action Plan, the Committees often do not have the resources required to implement these actions effectively. The way the activities in the Action Plan are selected is in few cases strategic or building on a theory of change, as members lack experience in integrity policies. As such, activities are often only punctual exercises without long-term objectives (OECD, 2019<sub>[10]</sub>).

Recognising these weaknesses, the Corruption Prevention Unit of SECOGEM is considering establishing so-called 'Integrity actors' in addition to the Ethics Committees. While this is an important step, this could create an overlap with the functions of the Ethics Committees. Therefore, it would be advisable to replace the Ethics Committees with these Integrity actors. The integrity actors or units should be permanent, count with dedicated staff, full-time or part-time depending on the size and integrity risks of each entity, financial resources to implement the activities related to their mandate and report directly to the highest authority.

The exact design of the integrity actors could be set in line with the actions foreseen in the PEA and the priorities of the strategic area on "public ethics and integrity". Specifically, priority 51 focuses on the implementation of innovative mechanisms to assess the functioning of ethics committees (and codes of conduct and integrity). As part of this assessment, the design of the integrity actors could be discussed. In general, the following key elements should be contemplated: The functions of the unit should strengthen preventive tasks. The State of Mexico could consider a model similar to the Offices of Institutional Integrity in Peru. The Institutional Integrity Offices focus on promoting integrity throughout the entity by co-ordinating efforts regarding the implementation of an integrity system, lead internal planning and monitoring in the subject matter and provide a degree of assurance for the head of the entities regarding compliance with the standards in effect. This includes, for example, alerting the head on the need of strengthening complaint processes and investigation units, and hiring personnel to perform these functions with the required speed and avoiding a perception of impunity. In addition, the integrity unit would fulfil an advisory role for the public officials on public ethics and conflict of interest, as foreseen in the General Guidelines of the Ethics Committees of the State of Mexico (*Lineamientos Generales para Establecer las Bases de la Integración, Organización, Atribuciones y Funcionamiento de los Comités de Ética de las Dependencias del Poder Ejecutivo y sus Organismos Auxiliares del Estado de México*, Article 27.g). In line with good practices in OECD countries, the integrity units should not receive complaints and whistle-blower reports. Even though some ethics committees assert that receiving complaints and whistle-blower reports help identify opportunity areas, it may generate expectations of results that such committees and the integrity units are not able to deliver, as they are lacking investigative powers. As such, the integrity unit could guide and advise potential whistle-blowers regarding internal and external reporting options or available protection measures, but ideally does not receive reports itself (OECD, 2019<sub>[10]</sub>). Lastly, as part of the second line of defence, the integrity unit should be invited to the meetings of the Committee of Control and Institutional Performance (*Comité de Control y Desempeño Institucional*, COCODI) (OECD, 2019<sub>[10]</sub>).

### Box 1.5. The role of the Offices of Institutional Integrity in Peru

According to the National Integrity Plan and the integrity model laid out therein, the Office of Institutional Integrity (OII) shall be established with the following tasks, responsibilities and characteristics:

- The person in charge of the Integrity Model assumes the role of articulating and monitoring the components thereof. These are:
  - commitment of the senior leadership
  - risk management
  - integrity policies
  - transparency, open data and accountability
  - internal and external control and audit
  - communication and training
  - complaint channels
  - oversight and monitoring of the integrity model.
- Depending on the size of the entity and vulnerabilities it is exposed to, the task of implementation is performed by the OII or an official who performs these functions. In cases in which the institution has an Ombudsperson, office of transparency or anti-corruption office, it could assume as well the functions of the person in charge of the Office of Institutional Integrity.
- The person in charge shall have a high-level position within the entity's organisational structure.
- Empowerment stems from high hierarchical level. It requires public support of senior management in the follow-up function of the integrity policy.
- The functions of the person in charge shall be independent from any particular burden or interest. Therefore, the full independence of the person in charge shall be guaranteed regarding his/her actions and formulation of recommendations that he/she deems pertinent.
- It is necessary to equip the Office with the resources needed for the effective performance of his/her duties.
- The person in charge of the OII does not own the processes of the integrity model he or she shall monitor.

Source: (OECD, 2019<sup>[11]</sup>), National Plan of Integrity and Fight Against Corruption.

The creation of the integrity units should take existing resources and proportionality into account to limit additional bureaucratic layers. Depending on the size and integrity risks of the entity, the integrity unit could be as small as one person.

In terms of co-ordination, the Corruption Prevention Unit in SECOGEM is currently in charge of maintaining communication channels between all Ethics Committees and SECOGEM itself. It is also responsible for programming, co-ordinating, monitoring and carrying out an annual evaluation of the actions executed by the Committees. The Unit should maintain this function overseeing the integrity units and co-ordinate and liaise with all integrity units across the public administration, monitor their work, provide tools and materials, and support them with ad-hoc guidance, and provide up to date trainings focusing on integrity management.

In addition, the Corruption Prevention Unit could establish a network of integrity units. This network could be used to exchange good practices, discuss common problems and develop a joint sense of the culture of integrity in the State of Mexico.

## Ensuring integrity at the municipal level

While integrity is a concern at every level of government, opportunities for certain types of corruption can be more pronounced at the municipal level. The increased frequency and closeness of interactions between local government authorities and citizens and firms, as compared to the national and state level, can create both opportunities, especially by facilitating local accountability, and risks for integrity. Local governments' responsibilities for the delivery of a large share of public services (e.g. drinking water, waste management, utilities, granting licences and permits) increases the frequency and directness of interactions between government authorities and citizens and firms, which creates opportunities to test the integrity of local governments (OECD, 2018<sub>[12]</sub>). The PEA recognises this by explicitly including responsibilities at the municipal level throughout all five of its strategic areas to fight corruption and strengthen integrity.

The municipal level often suffers from specific challenges that may lead to opportunities for corruption:

- Limited technical and financial capacities and resources of municipal administrations.
- Higher discretion of local politicians due to often limited opposition, limited independence and effectiveness of local auditors, insufficient disclosure requirements for annual budget, public tenders and similar.
- Close ties between local business and political elites or organised crime groups leading to clientelistic practices.
- Weak presence of the State in remote rural areas.
- Weakness of local election processes, practices of vote-buying and patronage undermining the integrity of the electoral process.
- Weaknesses in organised local civil society (low capacities, capture of civil society groups, etc.), holding local governments to account for their actions.
- Unclear assignment of responsibilities across levels of government, limiting co-ordination and accountability, coupled with an often low degree of professionalisation of public officials.

Poor data collection and performance monitoring of public service delivery and investments affect the needs assessment and the monitoring and evaluation of policies (OECD, 2018<sub>[12]</sub>) These challenges are often coupled with political dynamics that oppose any demand for change as it could weaken positions of power. In Mexico, there have been only sporadic efforts to tackle corruption at this level. According to the National Institute for Statistics and Geography (*Instituto Nacional de Estadística y Geografía*, INEGI) Census of Municipalities and Delegations of Mexico, in 2017 only 6.8% of all municipal and delegation administrations had an anti-corruption programme or plan in place. 10.5% had a training or capacity-building programme established on the subject with the most frequent topics being: Consequences for breaking the anti-corruption laws and norms (41.4%), internal control (26.7%), accountability (20.7%), risk management (19.9%) and mechanisms for fighting corruption (17.7%). At the same time, according to the 2017 National Survey on the Quality and Impact of Government (*Encuesta Nacional de Calidad e Impacto Gubernamental*, ENCIG), in the State of Mexico municipal administrative procedures are among the three administrative procedures most prone to corruption. The PEA specifically suggests actions to improve and reduce corruption in government processes and services as part of its strategic area on combatting impunity.

### ***The implementation of the Municipal Anti-corruption Systems is lagging behind***

The SAEMM is the only one of the state anti-corruption systems that establishes an obligation for the municipal level to create a body in charge of anti-corruption similar to the structures at the state level. Article 61 of the Anti-corruption System Law of the State of Mexico and Municipalities establishes that the Municipal Anti-corruption Systems (*Sistema Municipal Anticorrupción*, SMA) co-ordinate with the SAEMM.

Among their objectives are to establish principles, guidelines, procedures and integrity policies to prevent, detect and sanction administrative misconduct and corruption, as well as supporting the competent authorities in the oversight and control of public resources.

The SMA consists of the Municipal Co-ordination Committee and the Municipal Citizen Participation Committee. The head of the municipal comptroller's office, the head of the transparency and access to information unit and a representative of the Municipal Citizen Participation Committee compose the Municipal Co-ordination Committee. The Municipal Citizen Participation Committee consists of three citizens known for their anti-corruption expertise. They are appointed by a Selection Commission for three years and receive an honorary fee. Both of the bodies have similar attributes to their counterparts at the state level. As such, the governance of the SMA mirrors the SAEMM while slightly reducing the size of the two bodies, acknowledging scarcer resources at the municipal level.

One of the key principles set out in the OECD *Recommendation on Public Integrity* is the commitment and leadership by the top-level management to build a culture of integrity. Political will at the municipal level responds to its own incentives with specific dynamics of power. However, reform incentives and the "business case" for integrity are often formulated at the state or national level, as it has been the case of the SMA. The municipal government authority political calculus has little to do with incentives for reform at the state or national level, and instead are directly connected with its immediate context.

Interviews during the fact-finding mission of this report revealed that the leadership and public officials in municipalities often have either limited knowledge of the SMA or a limited awareness of its benefits. As such, they perceive very limited incentives to embark on integrity reforms other than complying with the obligations set at the state level. This is confirmed by the fact that while the law obligates municipalities to establish the SMA, 59 out of 125 municipalities have set up a full functioning SMA (as registered on 31 January 2021).

The design of the SMA struggles with several weaknesses, which undermine its functioning. As confirmed throughout the fact-finding mission in preparation of this report, in many cases the internal comptroller of the municipalities is highly dependent on the mayors and there is a low degree of professionalisation undermining the control function (see Chapter 3). In addition, internal audit functions at the municipal level are often understaffed, and they suffer from a lack of sufficient resources for their audit work, including the use of their own vehicles and personal computers (see also Chapter 4). This raises doubts about whether the municipal comptroller has the resources to dedicate time to the SMA. In addition, the limited independence from the mayor may result in limited effectiveness of the SMA as the municipal representatives may outvote accountability measures proposed by the Citizen Participation Committee, unless the mayor has an incentive to strengthen integrity. During the interview, these doubts were confirmed and cases reported of mayors blocking any attempts for reforms originating from the municipal Citizen Participation Committee.

Concerning the municipal Citizen Participation Committee, the weaknesses identified at the state level are exacerbated at the local level and contribute to the low level of implementation. Interviews with the SAEMM, municipalities and civil society confirmed several challenges. First, in several municipalities, it was reported that it is difficult to integrate the Selection Commission, which oversees the process for selecting the members of the Citizen Participation Committee. The law states that the municipality calls on the research and higher education institutions, civil society organisations or individuals who are integrity specialists from the municipality to suggest five suitable candidates for the Selection Commission. In particular, the smaller municipalities do not always count on research and higher education institutions. There have also been cases where the municipalities have not received any applications from candidates. This might be because the position is unpaid and potential candidates would rather apply to the Citizen Participation Committee, which is paid. Second, it has also proven difficult for some municipalities to nominate three qualified citizens to the Municipal Citizen Participation Committee. On the one hand, this is due to the fact that in remote areas, the profiles are scarce. On the other hand, there have been cases

where political parties and other vested interests have tried to place candidates within the Committee or candidates are not truly representing civil society. For example, in 2019, several municipal systems had to repeat the selection procedures for the members of the Citizen Participation Committee as they included current or former civil servants (Huerta, 2019<sup>[13]</sup>). Third, there have been complaints that the calls for candidates, either for the Selection Commission or the Citizen Participation Committee at the municipal level, have not been made sufficiently public or were published with a very tight deadline for citizens to apply.

The Executive Secretariat of the SAEMM has undertaken efforts to support municipalities in strengthening integrity and to build capacities. For example, as of October 2020, it had conducted 17 workshops to train public servants at the municipal level on anti-corruption. This included courses such as "Introduction to the State Anti-Corruption System" and "Municipal Anti-Corruption System", which were attended by 124 municipalities. A regional training was conducted on the same topic in the municipality of Atlautla for 26 municipalities in the eastern part of the State of Mexico. In addition, the Executive Secretariat provides advice to municipalities either in person, by phone or online.

***The SAEMM could mandate municipalities to design targeted integrity plans to build the necessary level of maturity and capacities before setting up the Municipal Anti-corruption Systems***

The inclusion of the municipalities in the SAEMM is a recognition of the specific integrity risks municipalities face and the importance to co-ordinate anti-corruption efforts with this level. While it is an important and laudable recognition, this raises expectations among society for reforms and change. However, as argued above, the SMA suffers from inherent weaknesses undermining its functioning and impact. If the institutional framework yields little or no success in bringing about reform or strengthening accountability, the initial expectations for change may turn into resignation and individuals' withdrawal from civic and public life. Evidence collected confirms that the maturity level and core integrity functions in municipalities would need to be built up before the SMA could be successfully implemented. This is in line with the diagnostic included as part of the PEA and according to which specific priorities were set to establish policies and integrity systems at the municipal level.

Considering this, it could be beneficial to adopt an incremental approach to strengthening the maturity of the municipalities before mandating them to implement an anti-corruption system that is likely to fail. This does not preclude those municipalities who would like to set up a municipal anti-corruption system to do so, particularly if they feel their capacities to establish it are sufficient. As a first step, the Anti-corruption System Law could be amended to mandate municipalities to adopt a strategic approach towards strengthening integrity, instead of setting up their own anti-corruption system modelled after the state system. Furthermore, the law could assign the Executive Secretariat the function of guiding and supporting municipalities on how to strengthen integrity according to a strategic approach. By including this role in the law, the State of Mexico would prominently recognise the importance of strengthening integrity at the municipal level. To develop such an approach, the law could mandate municipalities to implement a diagnostic tool assessing the internal strengths and weaknesses and external opportunities and threats of corruption and integrity (also known as SWOT- analysis), with support from the Executive Secretariat. This problem analysis could identify the priorities for integrity taking into account available capacities and resources. Based on the diagnostic and identified priorities, a municipal integrity action plan could be designed aligned with the state anti-corruption policy. One approach could be to identify areas in which efforts to strengthen integrity are most likely to deliver tangible results in order to create buy-in from stakeholders. The plan could identify concrete actions and measures to mitigate the risk factors identified. The plan should also include indicators that allow monitoring and evaluating efforts. Both in the problem analysis phase and in the design of the municipal integrity plan, the engagement of stakeholders from civil society and the private sector would be key to ensure a broad representation of views and experiences,



correctly identify procedures most vulnerable to corruption, assess the impact of these corruption vulnerabilities and design targeted and feasible measures.

There is a risk that efforts will not transcend from paper to practice unless a dedicated person is responsible for overseeing the efforts and following up on the different actions aimed at strengthening integrity. In line with principle 2 of the *OECD Recommendation of the Council on Public Integrity*, which advocates establishing clear responsibilities, a dedicated contact point for integrity could be set up in every municipality. In line with the recommendation for the contact point at the state level, the contact point would support, oversee, organise and follow-up on different actions and provide information and ask for guidance from the Executive Secretariat. The anti-corruption law could include a provision mandating municipalities to set up such a function and provide a budget to execute the necessary measures. In addition, the contact points could create a network for strengthening integrity at the municipal level, exchanging challenges and success stories to promote mutual learning.

The role of the Executive Secretariat would be crucial to support integrity at the municipal level. First, it will need to develop an argument or business case to incentivise municipalities to strengthen integrity and generate an understanding of the benefits of doing so, instead of underlining the obligation. Second, the Executive Secretariat would need to support the municipalities in the implementation of the diagnostic tool and elaboration of the municipal integrity plan by developing detailed guidance and toolkits, facilitating discussions with stakeholders and providing model plans. It could also collect good practices and facilitate exchange between municipalities and the respective contact points. Third, the Executive Secretariat could collect information and data on the progress of municipalities and publish a ranking on the website of the anti-corruption system to inform civil society and build external pressure and accountability. Currently, the Executive Secretariat has developed a diagnosis stemming from a citizen consultation and desk research to design tailored anti-corruption programmes for municipalities.

Considering the structural weaknesses at the municipal level, the efforts to develop a strategic approach to integrity in the municipalities will need to be accompanied by efforts at the state level. The Co-ordination Committee, uniting the main institutions for integrity, is in a unique position to co-ordinate technical support and guidance for municipalities. As a first priority, the Co-ordination Committee should address the weakness of the control system at the municipal level (see Chapter 4 for detailed recommendations). In addition, and as it has done in the past, the Co-ordination Committee could issue and follow-up on recommendations to strengthen integrity at the municipal level. To facilitate the adoption of the recommendations, these should be targeted and concrete. The members of the Co-ordination Committee could offer their support in addressing these recommendations. Lastly, the SAEMM could create a mechanism to formally involve municipalities in its decisions to create ownership. They could be invited to participate in the activities of both the Co-ordination Committee and the Executive Commission, in particular in instances in which proposals for designing integrity policies and co-ordination mechanisms are discussed. Municipalities could actively participate in these discussions and make substantive contributions by describing challenges and good practices relevant in developing policy drafts or proposals. The elaboration of the PEA was a good example of how the perspectives of the municipalities are included through surveys, feedback mechanisms, and similar.

## Proposals for action

### Strengthening the governance of the Anti-corruption System of the State of Mexico and Municipalities

- The SAEMM could be amended to include the Electoral Institute of the State of Mexico in the Co-ordination Committee and improve co-ordination
- The Executive Commission and Governing Board should make regular use of their right to invite additional ministries to their meetings to ensure mainstreaming of integrity. Those that would be particularly relevant are the Ministry of Security, Ministry of Finance, Institute of Professionalisation of Public Servants of the Executive Branch, Institute of Public Administration of the State of Mexico and the Ministry of Education.
- The SAEMM could create two technical sub commissions within the Executive Commission, on prevention and on enforcement, to improve the quality of technical discussions and foster information sharing.
- To ensure the implementation of the SAEMM at the entity-level, a dedicated contact point in each ministry and auxiliary agency could be established. The contact point would be tasked to co-ordinate with the Executive Secretariat of the SAEMM by reporting on the progress of implementation and communicating challenges.
- Even though it has not happened so far, in order to ensure that recommendations given by the SAEMM are not blocked in the Co-ordination Committee due to potential conflicts of interest, an internal guideline could be passed asking members of the Co-ordination Committee to abstain from voting recommendations which are addressed to them.
- The Citizen Participation Committee could pay particular attention to make these recommendations public to build pressure on institutions to act upon them.
- Concerning the appointment procedure of the Citizen Participation Committee, it is vital that it is carried out through open and transparent means, enabling the participation of independent and reputable experts representing various components of civil society. This implies setting up an open process for considering and appointing candidates of the Selection Commission and publishing relevant information throughout the nomination process. This could include:
  - methodology to register and assess candidates
  - list of candidates
  - documents submitted by candidates
  - chronology of hearings
  - deadline to make a decision and the session where the latter is taken.
- To improve transparency further throughout the nomination process of the members of the Selection Commission and the Citizen Participation Committee, the relevant bodies could also consider providing additional information concerning the justification for the final decision, including explicit reference to experience and knowledge of the selected members.
- The Executive Secretariat should prioritise the development of a strategy to prevent capture of the nomination processes. The expertise of the Electoral Institute of the State of Mexico might be particularly beneficial in mitigating the risk of political capture.
- Clear parameters for setting the honorary fee received by the members of the CPC should be established to mitigate the risk of exercising pressure on its members by threatening to reduce their fee.

- To support the Citizen Participation Committee in the fulfilment of their mandate, the SAEMM could therefore consider to widen the Executive Secretariat's mandate to not only provide technical support to the Co-ordination Committee, but also specifically to the Citizen Participation Committee. Administratively, a new directorate could be created which would be responsible for research and analysis of the proposals developed by the members of the Citizen Participation Committee. This should go along with the necessary increase of the budget for the Executive Secretariat.

### **Mainstreaming of integrity policies in the Executive Branch**

- Integrity units could replace the Ethics Committees to ensure effective mainstreaming of integrity policies and practices in entities. The functions of the integrity units should be purely preventive, count on dedicated staff, sufficient financial resources and a direct reporting line to the highest authority of the entity.
- The Corruption Prevention Unit in SECOGEM could co-ordinate and support the integrity units across the public administration, monitor their work, provide tools and materials, and support them with ad-hoc guidance, and provide up to date trainings focusing on integrity management.
- The Corruption Prevention Unit could establish a network of integrity units. This network could be used to exchange good practices, discuss common problems and develop a joint sense of the culture of integrity in the State of Mexico.

### **Ensuring integrity at the municipal level**

- Instead of mandating municipalities to establish Municipal Anti-corruption Systems, the SAEMM could focus, in the first instance, on building the necessary level of maturity and capacity for a successful implementation of the system.
- To generate buy-in from municipalities, the Executive Secretariat could undertake stronger efforts in demonstrating municipalities why to strengthen integrity, apart from the obligation to do so.
- In order to manage expectations and set realistic objectives for strengthening integrity at the municipal level, municipalities could be mandated to conduct diagnostic analyses of internal strengths and weaknesses and external opportunities and threats of the municipal government on which basis the priorities for integrity would be set.
- The priorities for integrity would be compiled in a municipal integrity action plan in line with the state policy. The plan would clearly identify actions to reach the objectives set and include indicators to monitor and report progress.
- Both in the problem analysis phase and in the design of the municipal integrity plan, the engagement of stakeholders from civil society and the private sector would be key to ensure a broad representation of views and experiences, correctly identify procedures most vulnerable to corruption, assess the impact of corruption vulnerabilities and design targeted and feasible measures.
- A dedicated contact point for integrity could be established in every municipality to support, oversee, organise and follow-up on different actions to strengthen integrity, provide information, and ask for guidance from the Executive Secretariat.
- The Executive Secretariat could support municipalities in the implementation of the diagnostic tool and elaboration of the municipal integrity plan by developing detailed guidance and toolkits, facilitating discussions with stakeholders and providing model plans. It could also collect good practices and facilitate exchange between municipalities.

- To build external pressure and accountability, the Executive Secretariat could collect information and data on the progress of municipalities and publish a ranking on the website of the anti-corruption system to inform civil society.
- The Co-ordination Committee, Governing Body and Executive Commission could regularly invite representatives from different municipalities to report on progress and challenges and support the development of practical solutions.

## References

- Huerta, V. (2019), “Retroceden sistemas anticorrupción municipales”, *El Sol de Toluca*, [13]  
<https://www.elsoldetoluca.com.mx/local/retroceden-sistemas-anticorrupcion-municipales-en-edomex-3854190.html> (accessed on 17 April 2020).
- Hussmann, K. (2007), *Anti-corruption policy making in practice: What can be learned for implementing Article 5 of UNCAC? Synthesis report of six country case studies: Georgia, Indonesia, Nicaragua, Pakistan, Tanzania, and Zambia*, Chr. Michelsen Institute (U4 Report), [7]  
<https://www.u4.no/publications/anti-corruption-policy-making-in-practice-what-can-be-learned-for-implementing-article-5-of-uncac/> (accessed on 26 May 2020).
- Lind, E. and C. Arndt (2016), “Perceived Fairness and Regulatory Policy: A Behavioural Science Perspective on Government-Citizen Interactions”, *OECD Regulatory Policy Working Papers*, [6]  
 No. 6, OECD Publishing, Paris, <https://dx.doi.org/10.1787/1629d397-en>.
- OECD (2020), *OECD Public Integrity Handbook*, OECD Publishing, Paris, [5]  
<https://dx.doi.org/10.1787/ac8ed8e8-en>.
- OECD (2019), *Follow up Report on the OECD Integrity Review of Mexico Responding to Citizens’ Expectations*, OECD, Paris, [10]  
<http://www.oecd.org/gov/ethics/follow-up-integrity-review-mexico.pdf>.
- OECD (2019), *La Integridad Pública en América Latina y el Caribe 2018-2019*, OECD, Paris, [1]  
<http://www.oecd.org/gov/ethics/integridad-publica-en-america-latina-caribe-2018-2019.htm>  
 (accessed on 2 February 2020).
- OECD (2019), *Offices of Institutional Integrity in Peru: Implementing the Integrity System*, OECD, [11]  
 Paris, <https://www.oecd.org/gov/ethics/offices-of-institutional-integrity-peru.pdf>.
- OECD (2018), *Integrity for Good Governance in Latin America and the Caribbean: From Commitments to Action*, OECD Publishing, Paris, [12]  
<https://dx.doi.org/10.1787/9789264201866-en>.
- OECD (2018), *OECD Integrity Review of Nuevo León, Mexico: Sustaining Integrity Reforms*, [4]  
 OECD Public Governance Reviews, OECD Publishing, Paris,  
<https://dx.doi.org/10.1787/9789264284463-en>.

- OECD (2017), *OECD Integrity Review of Coahuila, Mexico: Restoring Trust through an Integrity System*, OECD Public Governance Reviews, OECD Publishing, Paris, [9]  
<https://dx.doi.org/10.1787/9789264283091-en>.
- OECD (2017), *OECD Integrity Review of Mexico: Taking a Stronger Stance Against Corruption*, OECD Public Governance Reviews, OECD Publishing, Paris, [3]  
<https://dx.doi.org/10.1787/9789264273207-en>.
- OECD (2017), *OECD Integrity Review of Peru: Enhancing Public Sector Integrity for Inclusive Growth*, OECD Public Governance Reviews, OECD Publishing, Paris, [8]  
<https://dx.doi.org/10.1787/9789264271029-en>.
- OECD (2017), *OECD Recommendation of the Council on Public Integrity*, OECD, Paris, [2]  
<http://www.oecd.org/gov/ethics/Recommendation-Public-Integrity.pdf>.



## **2** Developing a strategic approach to public integrity in the State of Mexico

---

A strategic approach to public integrity based on evidence, taking a system-wide perspective and focusing on key integrity risks is a vital element for supporting a coherent and comprehensive integrity system. This chapter analyses the Anti-corruption Policy of the State of Mexico and Municipalities (PEA). The analysis finds that while the process of the policy development in the State of Mexico was inclusive and rigorous, specific integrity risks, such as policy capture and the nexus of insecurity and corruption could be addressed more explicitly to ensure action. Furthermore, the Executive Secretariat has been developing proposals for supporting the implementation of the PEA. While these are crucial, the chapter proposes additional measures, including the design of clear and measurable indicators to support the monitoring and evaluation process.

---

A strategy or strategic policy for public integrity is essential to support a coherent and comprehensive integrity system. Strategic planning, based on insight and foresight, guides the integrity system towards a proactive “culture of integrity”, instead of a reactive “culture of cases”. The OECD *Recommendation of the Council on Public Integrity* highlights the value of “setting strategic objectives and priorities relying on a risk-based approach” (OECD, 2017<sup>[1]</sup>).

Regardless of the form, a stringent development process of a strategic approach to public integrity contains the following elements:

- problem analysis: risk identification, analysis and mitigation
- strategy design: prioritising objectives, policy consultation and co-ordination
- developing indicators with baselines, milestones and targets
- drafting the action plan, distributing responsibilities and costing activities
- implementing, monitoring, evaluating, and communicating the results of monitoring and evaluation, including evaluation prior to implementation (OECD, 2020<sup>[2]</sup>).

By establishing a strategic approach, the government commits itself to concrete actions and outcomes. This can be a message to citizens that the government is taking the prevention and repression of corruption seriously. If guided by the development steps detailed above, a strategic approach can support setting realistic objectives that are meaningful in the given context, avoiding copy-paste solutions, prioritising actions based on integrity risks and clearly assigning responsibilities for implementing the identified goals and objectives. It can also lead to develop benchmarks and indicators that gather evidence on successful interventions and overall effectiveness of the integrity system (OECD, 2019<sup>[3]</sup>).

## Setting the right framework for integrity

### ***The Anti-corruption System has promoted the strategic development of a state anti-corruption policy. However, key priority areas could be included***

A key area of responsibility of the Co-ordination Committee of the Anti-corruption System of the State of Mexico and Municipalities (*Sistema Anticorrupción del Estado de México y Municipios*, SAEMM) is to design, promote and evaluate an anti-corruption policy for the State of Mexico. The Executive Commission, consisting of the Technical Secretary and the Citizen Participation Committee (except its president), developed the draft policy, which was approved in July 2020 (*Política Anticorrupción del Estado de México y Municipios*, PEA). The Executive Secretariat is tasked with monitoring its implementation in the institutions of the public sector.

The content of the state anti-corruption policies, at a minimum, need to ensure alignment with the national one, adopting the same four strategic areas (combatting corruption and impunity, combatting arbitrariness and abuse of power, promoting the improvement of public management and contact points between government and society, and involving society and the private sector) and forty priorities. However, states may add additional strategic areas and priorities to adjust for the specific contexts (Box 2.1). As of October 2020, the State of Mexico was the only federal state that had included an additional strategic area on public ethics and integrity with twelve priorities for public policy. An evaluation of the Executive Secretariat of the National Anti-corruption System agreed that the design of the PEA is in line with the national policy.



### Box 2.1. Recommendations for the alignment and contextualisation of state anti-corruption policies by the Executive Secretariat of the National Anti-corruption System

Regarding alignment:

- Ensuring that the state anti-corruption policies establish a long-term strategic vision, under a structure similar to that of the national anti-corruption policy.
- As part of the diagnostic during the development of the state anti-corruption policies, it is recommended to make use of the data and evidence presented in the national anti-corruption policy, as well as the additional information generated by the Executive Secretariat of the National Anti-corruption System in the guide for the design of state anti-corruption policies.
- As part of the state anti-corruption policies, the four strategic areas of the national anti-corruption policy should be maintained (combatting corruption and impunity, combatting arbitrariness and abuse of power, promoting the improvement of public management and contact points between government and society, and involving society and the private sector).
- It is recommended that the 40 policy priorities contained in the national anti-corruption policy are incorporated in the state anti-corruption policies, following a detailed analysis.
- As part of the state anti-corruption policies, it is suggested that sections are incorporated in which basic premises are defined on policy implementation, monitoring and evaluation to guide future planning processes.

Regarding contextualisation:

- Promoting the ownership of the process of elaboration of the state anti-corruption policies. It should be based on the collaboration between the Executive Secretariats and the Committees of Citizen Participation, within the framework of the Executive Commissions and the presidency of the CPCs.
- Establishing processes for the design of the state anti-corruption policies that involve dialogue with interested social actors and promoting the active involvement of the institutions that are members of the Co-ordination Committees.
- Establishing processes, in collaboration with the members of the Co-ordination Committee and local organisations, for the collection, processing and integration of data and evidence that contribute to the contextualisation of the diagnostic analysis.
- Incorporating additional strategic axes and priorities in the state anti-corruption policies to address dimensions that are not considered in the national anti-corruption policy, if they arise throughout the consultation and diagnostic analysis.
- To the extent that the processes of consultation and diagnostic analysis highlight it, incorporating or adapting priorities that involve municipalities in corruption prevention strategies.

Source: (Executive Secretariat of the National Anticorruption System, 2020<sup>[4]</sup>).

Guided by the national anti-corruption policy, the State of Mexico started a stringent process of developing the policy along the key steps outlined above in September 2019. Starting with problem analysis and strategic design, the Executive Secretariat built on the diagnostic already conducted as part of the national policy and consulted surveys and indicators from civil society, academic institutions and international organisations. The Co-ordination Committee and Executive Secretariat also organised a broad stakeholder consultation process. This consisted of four regional citizen fora held throughout the state, an electronic survey on perceptions of corruption, nine focus groups providing feedback on the four strategic areas of

the national policy, and an expert panel as a last step to evaluate and analyse the results obtained throughout the process. This extensive consultation process was useful for, on the one hand, receiving feedback on the realities of corruption among all of society. On the other hand, including such a broad range of voices builds a common vision and increase the legitimacy of the strategy, and hence augment political support for it in the wider society (UNODC, 2015<sup>[5]</sup>). As a result, the Executive Secretariat developed the State Anti-corruption Policy, approved in July 2020, consisting of 60 priorities for public policies and ensuring overall alignment to the National Anti-corruption Policy. As stated above, the PEA includes an additional strategic area on public ethics and integrity.

Furthermore, the Executive Secretariat of the SAEMM developed a proposal translating the priorities into clear objectives and indicators, which will measure whether the objective has been reached. In this way, the success or failure of the anti-corruption initiatives can be monitored. The evidence provided feedback information from the implementation level to the policy-design stage and enabled effective steering, informed decision making and improved policy design (OECD, 2019<sup>[6]</sup>).

The OECD *Follow-up Report on the Integrity Review of Mexico* highlights that it is essential to link the national anti-corruption policy and related action plan to key existing national strategies in order to ensure mainstreaming integrity throughout the entire public sector (OECD, 2017<sup>[7]</sup>). While the Executive Secretariat of the State of Mexico analysed the Development Plan of the State of Mexico and other relevant legislation to ensure overall alignment, the Co-ordination Committee could ensure that other state strategies, for example, the digital agenda or the security strategy, identify relevant integrity objectives and actions within their action plan where the opportunity arises.

The PEA addresses some of the key risks and vulnerabilities to integrity in the State of Mexico, such as impunity, professionalisation of the civil servants or lack of co-ordination among institutions. However, due to the fact that the state anti-corruption policy is aligned to the national policy, the recommendation given at the national level in the *OECD Follow-up Report on the Integrity Review of Mexico* on key integrity risks which were not addressed applies as well to the State of Mexico (OECD, 2019<sup>[8]</sup>). Compared to the national policy, Priority 59 of the PEA creates opportunities to identify and prevent capture and undue influence mitigating, such as the financing of political parties and lobbying. While this represents considerable progress, it is crucial to outline specific activities towards mitigating the integrity risks in the financing of political parties, election campaigns and lobbying, which may lead to political capture and undue influence. Interviews in preparation of this report confirm that common corruption risks are the illegal financing of political activities, clientelist practices and recurrent changes of electoral rules. Regarding the importance, these issues hold and high risk thereof, they could be considered to make them explicit priorities to ensure follow-up and specific actions.

Additional risk areas that could be considered are organised crime and insecurity, countering police corruption and ensuring accountability through a robust internal control and risk management system. Regarding police and insecurity, the 2017 *Survey on the Quality and Impact of Governance* by INEGI highlights that the police is considered as the most corrupt entity in the State of Mexico, with 95% of citizens considering corruption to be frequent or very frequent among the police. Similarly, in the roundtables held to support the development of the PEA, several members expressed the opinion that corruption among the police is common. Coupled with a growing number of homicides and 91% of citizens feeling unsafe, there is clear room for action. In addition, by including security as a key concern in the anti-corruption policy, it would mirror the inclusion of corruption as a factor undermining public security, as detailed in the Development Plan of the State of Mexico. As such, the Executive Secretariat could consider including these risk factors as additional priorities in the PEA to ensure a policy that is relevant in the context and targets actual corruption risks. Prior to the inclusion, a detailed analysis of the risk areas should be conducted, consisting of identifying the procedures and areas in which corruption and lack of integrity are common and their impact. The PEA would prescribe measures to manage these risks and indicators to monitor and evaluate their effectiveness.

One of the strengths of the SAEMM is the incorporation of municipalities. However, the current implementation of municipal anti-corruption systems has been slow (see sub-section “The implementation of the Municipal Anti-corruption Systems is lagging behind” in Chapter 1) and there are few initiatives of municipalities actively strengthening integrity. As such, it is a vital and exemplary step that the PEA and its priorities extend to the municipal level and set clear expectations and responsibilities in terms of integrity for this level. In a specific reference, the PEA underlines that the leadership and participation of the members of the Co-ordinating Committee, the Executive Commission and the Municipal Anti-Corruption Systems, with the assistance of the Executive Secretariat, forms the basis for actions to combat corruption in a systematic and comprehensive approach of all public entities, the public authorities, and among others, municipal governments (State Anti-corruption System Executive Secretariat, 2020<sup>[9]</sup>). In developing the concrete actions, which will accompany the PEA, it would be crucial to assign activities and responsibilities to municipalities in line with their resources and capacities and to monitor the impact in order to be able to adjust measures.

The PEA is a key step towards a systematic and coherent approach to integrity. However, it is vital that the PEA remains relevant throughout its implementation and responds to the integrity vulnerabilities in the State of Mexico. The restructuring of the Executive Secretariat and set-up of a General Directorate responsible for managing corruption risks can ensure that corruption risks are evaluated on a regular basis and proposals made to target the actions of the PEA according to new and emerging risks.

***The Co-ordination Committee could define an action plan with clear roles and responsibilities among public entities to implement and monitor integrity policies***

The state anti-corruption policy sets the strategic goals and objectives, but needs to be operationalised by public entities into specific objectives and actions at the institutional level. Experience suggests that if goals are not included in organisational planning and are not backed by dedicated budget and accountability mechanisms, managers will not take action (OECD, 2019<sup>[31]</sup>).

The primary purpose of the SAEMM is to strengthen co-ordination for integrity among public entities of the State of Mexico. Breaking this down further, the Co-ordination Committee could complement the anti-corruption policy with an action plan identifying the responsible entities for each line of action in relation to the priorities of the policy and set a timeline for implementation. In line with OECD practices (Box 2.2), the Co-ordination Committee could require entities to develop organisational integrity strategies in relation to the action plan. The Executive Secretariat could support public entities in developing their own strategies and specifically validate the integrity objectives and activities of this planning at entity-level.

In fact, the Technical Secretary has proposed a model of co-ordination which places the Co-ordination Committee at the centre for implementing and evaluating the PEA. The model proposes that working groups are established, consisting of at least three members of the Co-ordination Committee and supported by the Technical Secretary. The purpose of these working groups is to co-ordinate with all relevant public entities to define targeted projects, actions, goals and indicators for the 60 priorities of the PEA. This includes the evaluation and impact assessment of the priorities in order to develop recommendations for the entities implementing the relevant actions of the PEA. It also foresees the nomination of officials responsible for the activities related to the priority in each entity. While such a co-ordination model would be beneficial, it would be essential to nominate one contact point in each entity that is responsible for overseeing the different efforts within the entity related to the relevant priorities of the PEA. In this way, duplications could be avoided and efforts aligned. The integrity actors, described in Chapter 1, could fulfil such a role.

In addition, the Executive Secretariat is currently developing a manual for the implementation of the PEA. This manual clearly assigns the entities responsible for the actions envisioned to implement the PEA priorities and will provide support material.

### Box 2.2. Corruption prevention plans at the institutional level

Several OECD member and partner countries require that individual line ministries or departments prepare corruption prevention plans that are tailored to their organisation's specific internal and external risks. Every organisation is different, and risks for fraud and corruption, therefore, vary depending on mandate, personnel, budget, and infrastructure or IT use. For example, line ministries responsible for transferring social benefits face higher risks of fraud; likewise, departments with higher public procurement spending (e.g. health or defence) may face serious corruption risks. In addition to ensuring prevention policies are developed on a risk-based basis, such plans contribute to ensuring that, where relevant, organisations' anti-corruption efforts are aligned with national and sectorial strategies.

Some countries, therefore, complement national anti-corruption plans with organisational level strategies. In Latvia, for example, each ministry has a corruption prevention plan, with oversight of the national anti-corruption agency (the KNAB).

In Lithuania, the Special Investigation Service (SIS), an independent anti-corruption law enforcement body, is responsible for monitoring the implementation of the National Anti-corruption Programme, along with the Interdepartmental Commission on Fighting Corruption, led by the Department of Justice. The SIS co-ordinates risk management activities throughout the public sector by requiring each public institution to design its own risk map, which is submitted to the SIS for review. The SIS provides guidance and comments to improve these plans.

In Slovenia, the Commission for the Prevention of Corruption supports organisations in their development of unique integrity plans, which identify, analyse and evaluate risks, and propose appropriate mitigation measures. The Commission urges departments to adopt an inclusive approach in the development of their plans, since it was found that there was an opportunity to effectively communicate values and enhance a shared understanding of integrity. The Commission provides guidance, including sample integrity plans, on its website.

The United States Office of Government Ethics (OGE) conducts reviews of organisations' ethics programmes about once every five years. These Ethics Programme Reviews are OGE's primary means of conducting systemic oversight of the executive branch ethics programme. The Compliance Division's Programme Review Branch conducts ethics programme reviews at each of the more than 130 executive branch agencies to ensure consistent and sustainable ethics programme compliance with established executive branch ethics laws, regulations and policies, and provides recommendations for meaningful improvement. Individual reviews identify and report on the strengths and weaknesses of an agency's ethics programme by evaluating: 1) agency compliance with ethics requirements as set forth in relevant laws, regulations, and policies; and 2) ethics-related systems, processes, and procedures for administering the programme.

In Colombia, individual organisations are required to have in place their own risk maps and anti-corruption plans. The Anti-Corruption Statute directs all public entities to produce a strategy at least annually to combat corruption and improve citizen service. These plans are based on the criteria defined by the Secretariat of Transparency.

Source: (OECD, 2018<sup>[10]</sup>).

To facilitate monitoring, follow-up and evaluation, the Executive Secretariat has been working on a proposal for an automated monitoring system (*Sistema Administrativo para Resultados Anticorrupción*, SARA). It is planned to enable systematisation and oversight of implementation efforts related to the anti-

corruption policy, as reflected in the projects, goals and activities and those responsible for compliance. The system is also supposed to generate the necessary reports for decision making.

In addition to these efforts, the Executive Secretariat would need to ensure validation of the uploaded information. Individual agencies are often overly optimistic when assessing how well they are doing in implementing a programme and the monitoring arrangements of many strategies have fallen short because they rely on implementing organisations monitoring their own progress. To avoid this, the Anti-Corruption Initiative Assessment of the Anti-corruption and Civil Rights Commission in Korea (Box 2.3), requires entities to submit their own performance reports. However, on-site visits verify the information and overall performance is scored by external examiners. Among other advantages, doing so might help implementing organisations understand how they can better assess their own performance (UNODC, 2015<sup>[5]</sup>). The Executive Secretariat could request entities to upload the information on the SARA and follow up on a random basis with some entities to verify the information submitted.

### **Box 2.3. Monitoring and assessing integrity in Korea**

The Anti-corruption and Civil Rights Commission (ACRC) in Korea uses two complementary assessment frameworks to monitor and assess the quality of implementation of anti-corruption efforts, as well as their results: Integrity Assessment and Anti-corruption Initiative Assessment.

#### **Integrity Assessment (IA)**

Korea annually assesses integrity in all government agencies through standardised surveys. Staff from 617 organisations are asked about their experience with and perception of corruption. Furthermore, citizens who have been in contact with the respective organisations are surveyed, as well as stakeholders and experts who have an interest in the work of those organisations. The answers, together with other information, are scored into a composite indicator – the Comprehensive Integrity Index.

#### **Anti-Corruption Initiative Assessment (AIA)**

The Anti-Corruption Initiative Assessment is a comparative assessment of integrity policies across government agencies in Korea. Agencies selected for assessment submit a performance report on their implementation of integrity policies. On-site visits verify the information, which is then scored by an external assessment team. This allows the ACRC to monitor integrity willingness and efforts across the public sector.

#### **Benchmarking and competition**

Underperformance in the IA or the AIA does not lead to sanctions. However, the results are made public and the direct comparison of different government entities based on integrity indicators creates competition among these entities. The results also enter the Government Performance Evaluation. In addition, there are institutional and individual high-performance rewards, such as an overseas study programme for the officials presiding over outstanding integrity performance. Continuous improvement of the performance results has indicated that these incentives might be effective.

Source: Presentation by Sung-sim Min, Director, Anti-Corruption Survey & Evaluation Division, ACRC, at the meeting of the Working Party of Senior Public Integrity Officials (SPIO) at the OECD Headquarters in Paris in November 2016.

Furthermore, the Co-ordination Committee of the SAEMM could use the public annual report to inform progress the entities are making in implementing the Action Plan, aside from monitoring and measuring the benefits of the integrity strategy. Communicating progress and results to internal and external stakeholders, including the wider public, not only enables accountability, but also increases the credibility of integrity efforts and stimulates future anti-corruption and integrity action. In addition, public scrutiny could

encourage some entities to advance in the implementation of the anti-corruption policy. The Co-ordination Committee could use the annual report on the progress of the Anti-corruption System to publish detailed information on progress at the entity level. This could include, for example, the introduction of a code of conduct at the entity level, percentage of staff aware of ethical dilemmas and guidelines regarding corruption or similar initiatives. In addition, information should be made available on the Anti-corruption System's website.

For example, the ACRC in Korea develops a tiered ranking of how the institutions progress according to performance groups (from 1 to 5, with 1 being the best performing category). The tiered ranking of each institution and a consolidated report is released to the public. The results receive significant media attention and those institutions that score well benefit from improved organisational reputation. The ACRC also provides each entity with a specific report that includes suggestions for improvement (Lee Jun-min and Lee Ahjung, n.d.<sup>[11]</sup>).

## Monitoring and evaluation integrity policies

***To monitor the implementation of the anti-corruption policy, the Executive Commission would need to ensure the development of clear and measurable indicators with baselines, milestones and targets***

A strategic approach to integrity also requires indicators and the establishment of baselines, milestones and targets. Indicators should reflect the strategic objectives of the anti-corruption policy or the action plan. Well-designed indicators, including baselines, milestones and targets, can function as a roadmap for the kind of results to be achieved and how. Indicators can also support to assess progress towards the strategic objectives and necessary corrections, as needed (OECD, 2020<sup>[2]</sup>).

When designing indicators one should keep in mind that, ideally, indicators are specific, measurable and realistic. A good indicator measures only one variable unambiguously at a reasonable effort in order to provide clear results (OECD, 2019<sup>[6]</sup>).

In the context of the anti-corruption policy, the Executive Secretariat of the SAEMM is currently at the stage of developing indicators, which the Executive Commission will further refine. Throughout the development process, the PEA envisages collaboration with government entities, experts, organisations from the private sector and civil society, recognised for their specialisation in this area, such as INEGI and CONEVAL, the Institute of geographical, statistical and cadastral information (*Instituto de Información Geográfica, Estadística y Catastral*, IGECM), the Office of the Comptroller-General of the State of Mexico (*Secretaría de la Contraloría del Estado de México*, SECOGEM) and the Ministry of Finance, to identify and provide feedback on relevant indicators. Such stakeholder consultation has the potential to improve the quality of the indicators and help ensure that, at the end of the process, the evaluation findings will be considered credible by the parties. Given the involvement of the members of the Citizen Participation Committee in the Executive Commission, a social control function would be established, which should prevent that the measurement indicators are set too low and too easy hindering their effectiveness (OECD, 2019<sup>[6]</sup>). In addition, the PEA also foresees this collaboration as a step towards building synergies for internal and external evaluations.

Regarding the strategy for monitoring and evaluation, the Technical Secretary is currently drafting a detailed plan on which basis the indicators will be developed. This is done in co-ordination with public entities, the private sector and civil society organisations. It will be based on four pillars:

- Logical framework approach to identify, prioritise and define the scope of programmes, projects and indicators used for the design, operation and evaluation of public policies.

- Strategic planning taking into account the economic, political, social, cultural and legal factors contributing to the performance of the indicators to measure corruption.
- Management by results to identify the indicators measuring results achieved in the execution of the implementation programmes.
- Evaluation based on institutional sources to assess the development of the level of corruption as the PEA is implemented. The focus is particularly on measuring the impact of the PEA on public life by developing several composite indexes consisting of indicators measuring trust, perception of corruption and incidence and reporting of corruption, among others.

In the process of developing the measurement framework as envisioned, it would be crucial that the objectives and indicators for specific actions of the PEA fulfil the principles of reliability and validity. This means that the definition for delivery is defined *ex ante*, through a clear definition of categories in the case of yes/no-indicators, a target value in the case of a quantitative variable and a baseline for indicators measuring change. Similarly, a focus should be put on developing indicators that go beyond *de jure* implementation and include *de facto* implementation. For example, mere *de jure* existence of an Integrity Code does not guarantee the goal to achieve integrity within an organisation (*de facto*); in turn, both the elaboration and the implementation process of the Integrity Code can be made conditional on certain qualitative elements, which are likely to impact on the code's quality.

Regarding the institutional responsibility for the monitoring process of the anti-corruption policy, the Executive Secretariat could act as the impartial monitoring unit. The Executive Secretariat could undertake an examination of available data sources from public institutions to assess their relevance, applicability, validity, and reliability. The data could be collected centrally via digital means. In this way, the Executive Secretariat would be able to set the standard for data provided by the institutions and from which it could draw its conclusion for the monitoring report. As part of this, the Executive Secretariat would need to ensure that the entities have the necessary capacities and knowledge to measure data objectively and coherent. The Executive Secretariat could use the data to create a monitoring report informing the Co-ordination Committee, in line with the provisions of the Anti-corruption System Law. Based on the monitoring report, the Co-ordination Committee could develop recommendations for the entities on how to improve their integrity systems (OECD, 2019<sup>[6]</sup>). In fact, as commented above, the Executive Secretariat envisages the establishment of interinstitutional groups, consisting of at least three members of the Co-ordination Committee and supported by the Technical Secretariat, which would follow-up on and monitor the actions regarding the priorities under their responsibility. It is also foreseen that these would generate specific recommendations. These could build the basis for the recommendations issued by the Co-ordination Committee, as suggested.

***In order to evaluate the effectiveness of integrity policies, the SAEMM could consider outsourcing the evaluation to ensure its independence***

To assess the effectiveness of the anti-corruption policy it is crucial to design specific evaluation arrangements from the outset.

Having a clear idea of what data will be collected for evaluation, as well as how and when measures taken will be evaluated, informs the design and implementation of actions. It can also ensure measurability, progress reports and accountability. The result of a well-designed evaluation procedure is to hold the implementing actors accountable for what has been achieved, and how efficiently. Similarly to the monitoring efforts, it may also bring vital evidence to assess progress and identify needs for adjustment (OECD, 2020<sup>[2]</sup>).

In general, the evaluation can either be done in-house or outsourced. The choice depends on the purpose of the evaluation and the resources available. While in-house evaluations may support self-reflection and learning, be less expensive and faster to conduct, outsourced evaluations are considered to be more

objective and have the advantage of involving experts in the area. Table 2.1 details the advantages and disadvantages of each approach (OECD, 2020<sup>[2]</sup>).

**Table 2.1. Benefits and limitations of the options for evaluation setup**

Option 1: In-house evaluation	Evaluation is designed and carried out internally by the lead institution staff. <i>Benefits:</i> may allow for faster evaluation, as there is no need for standard procurement procedures; availability of inside information; further enhancement of analytical skills and insight. <i>Limitations:</i> could be less objective, due to reluctance to disclose challenges and problems.
Option 2: Outsourced evaluation	Evaluation is carried out by external consultants through an outsourcing procedure. <i>Benefits:</i> objective evaluation by external and independent evaluators. <i>Limitations:</i> requires additional resources to procure the expertise; may require more time to procure service providers.
Option 3: Mixed/combined evaluation	Only some parts of the evaluation are outsourced (e.g. data collection and some of the more sophisticated analysis), while the rest is done in-house. <i>Benefits:</i> objective evaluation due to the involvement of external and independent evaluators; faster evaluation process, as the more time-intensive evaluation steps can be outsourced. <i>Limitations:</i> requires additional resources to procure specific services.

Source: (Vági and Rimkute, 2018<sup>[12]</sup>).

Within the SAEMM, the Co-ordination Committee has the mandate to set the methodology for impact evaluation. The PEA envisages a monitoring and evaluation scheme based on internal and external evaluations:

- Evaluating the results, efficiency, quality and impact of the administration and performance of internal processes, programmes, projects, actions, goals and indicators stemming from the PEA; and
- Evaluating the impact of the PEA implementation by applying different variables, indexes and indicators, which include a measurement agenda for the short, medium and long term (0-2 and up to 4 years). These are susceptible to be evaluated externally.

To ensure accountability and independence and build public trust in the effectiveness of the system, in addition to outsource the evaluation, the Co-ordination Committee could outsource the development of the methodology for evaluation. Throughout the process of hiring independent evaluators, particular attention should be paid to manage any potential or actual conflicts of interest. The contracting process should be conducted according to a high standard of transparency, publishing relevant information throughout and keeping the public informed.

Aside from monitoring and evaluating the benefits of the anti-corruption policy, communicating progress and results to internal and external stakeholders, including the wider public, not only enables accountability, but also increases the credibility of integrity efforts and stimulates future anti-corruption and integrity action. The State of Mexico has already taken an important step in terms of communicating openly and actively the development of the policy by publishing the different steps throughout the process and organising public opinion fora. The SAEMM, mainly the Co-ordination Committee and the Executive Secretariat, could continue these efforts to communicate the envisaged implementation, the bodies responsible for execution, and the monitoring and evaluation framework. These efforts can mobilise popular support and strengthen trust in the system. It will also enable the public to act as an external accountability source demanding action on the policy.



## Proposals for action

### Setting the right framework for integrity

- To ensure that the anti-corruption policy reflects the key issues of the State of Mexico, additional priorities should be included. Among these are:
  - measures to mitigate the risk of political capture and clientelism
  - entangling the nexus of corruption, organised crime and insecurity
  - countering police corruption
  - ensuring accountability through a robust internal control and risk management
  - strengthening integrity at the municipal level.
- To facilitate implementation of the anti-corruption policy, the SAEMM could complete the development of an action plan with clear roles and responsibilities for public entities to implement their policies.
- The Co-ordination Committee of the SAEMM could use the public annual report on the anti-corruption system to communicate progress the entities are making and to encourage implementation of the Action Plan.

### Monitoring and evaluating integrity policies

- Throughout development of the indicators, it would be key that the Executive Commission invites government entities and experts to identify and provide feedback on relevant indicators
- During the monitoring process of the anti-corruption policy, the Executive Secretariat could act as the impartial monitoring unit, examining available data sources from public institutions and data provided to assess their relevance, applicability, validity, and reliability and collecting the data centrally. The data collected could be used to prepare a monitoring report informing the Co-ordination Committee, as it is indeed planned by the Executive Secretariat.
- Based on the monitoring report, the Co-ordination Committee could develop recommendations for the entities on how to improve their integrity systems
- To ensure the accountability and independence and build public trust in the effectiveness of the system, the Co-ordination Committee could outsource both the development of the methodology for evaluation and the evaluation itself. Throughout the process of hiring the independent evaluators, particular attention should be paid to manage any potential or actual conflicts of interest.
- In order to mobilise popular support for the anti-corruption system and strengthen trust, the SAEMM, mainly the Co-ordination Committee and the Executive Secretariat, could continue communication efforts about envisaged implementation, the bodies responsible for execution and the monitoring and evaluation framework.

## References

- Executive Secretariat of the National Anticorruption System (2020), *Guía de diseño de Políticas Estatales Anticorrupción*, <https://www.sesna.gob.mx/wp-content/uploads/2020/02/Gu%C3%ADa-dise%C3%B1o-PEA.pdf> (accessed on 19 April 2020). [4]
- OECD (2020), *OECD Public Integrity Handbook*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/ac8ed8e8-en>. [2]
- OECD (2019), *Follow up Report on the OECD Integrity Review of Mexico Responding to Citizens' Expectations*, OECD, Paris, <http://www.oecd.org/gov/ethics/follow-up-integrity-review-mexico.pdf>. [8]
- OECD (2019), *OECD Integrity Review of Argentina: Achieving Systemic and Sustained Change*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://dx.doi.org/10.1787/g2g98ec3-en>. [3]
- OECD (2019), *OECD Integrity Review of Mexico City: Upgrading the Local Anti-corruption System*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264306547-en>. [6]
- OECD (2018), *OECD Integrity Review of Nuevo León, Mexico: Sustaining Integrity Reforms*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264284463-en>. [10]
- OECD (2017), *OECD Integrity Review of Mexico: Taking a Stronger Stance Against Corruption*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264273207-en>. [7]
- OECD (2017), *OECD Recommendation of the Council on Public Integrity*, OECD, Paris, <http://www.oecd.org/gov/ethics/Recommendation-Public-Integrity.pdf>. [1]
- Son, J. et al. (eds.) (n.d.), *Introduction to Korea's Anti-corruption Initiative Assessment: A Tool to Evaluate Anti-Corruption Efforts in the Public Sector in the Republic of Korea*, UNDP, <http://www.undp.org/content/dam/uspc/docs/USPC%20ACRC%20final.pdf> (accessed on 1 July 2018). [11]
- State Anti-corruption System Executive Secretariat (2020), *State of Mexico Anti-corruption Policy*. [9]
- UNODC (2015), *The United Nations Convention against Corruption. National Anti-Corruption Strategies: A Practical Guide for Development and Implementation*, United Nations, Vienna, [https://www.unodc.org/documents/corruption/Publications/2015/National\\_Anti-Corruption\\_Strategies\\_-\\_A\\_Practical\\_Guide\\_for\\_Development\\_and\\_Implementation\\_E.pdf](https://www.unodc.org/documents/corruption/Publications/2015/National_Anti-Corruption_Strategies_-_A_Practical_Guide_for_Development_and_Implementation_E.pdf). [5]
- Vági, P. and E. Rimkute (2018), "Toolkit for the preparation, implementation, monitoring, reporting and evaluation of public administration reform and sector strategies: Guidance for SIGMA partners", *SIGMA Papers*, No. 57, OECD Publishing, Paris, <https://dx.doi.org/10.1787/37e212e6-en>. [12]

# **3**

## **Towards a culture of public integrity in the State of Mexico**

---

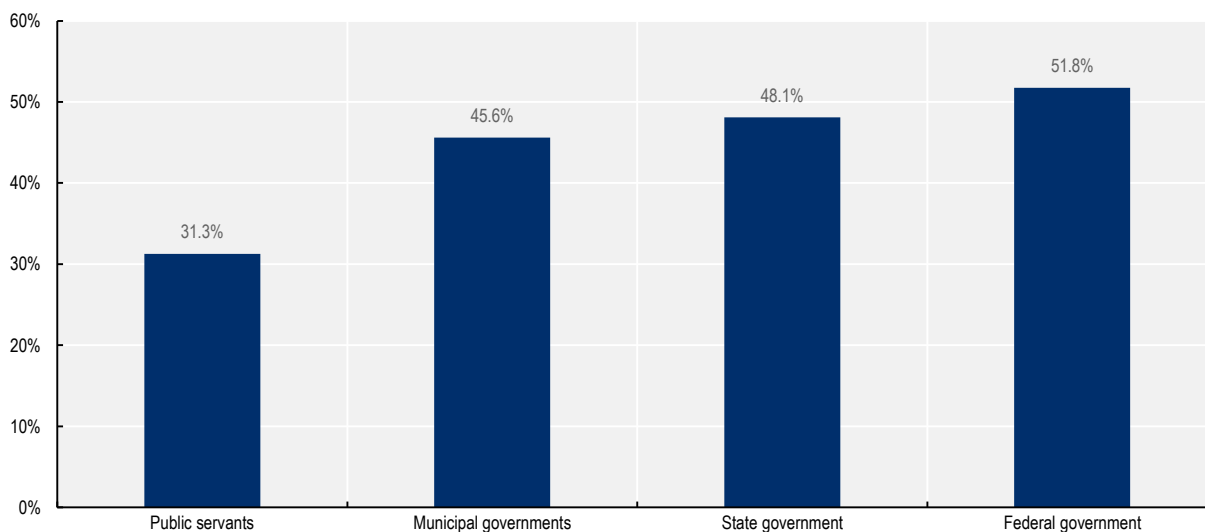
The State of Mexico is making efforts to build a culture of integrity in the public administration at state and municipal level. To support this, the standards related to public ethics and managing conflict of interest could be simplified and complemented, so that they can become a reference point for public officials. These standards need to be translated into practice to achieve the desired changes of behaviour. Living up to the ethical standards could be achieved by providing timely guidance and advice, developing capacities and supporting employees in recognising and managing conflict of interest situations and ethical dilemmas. In particular, a participatory revision of the Code of Ethics could be an entry point for developing a culture of integrity. Furthermore, the asset declaration system could be simplified and whistleblower protection strengthened. Finally, the State of Mexico could develop a staff survey in order to provide an evidence base for integrity policies and monitoring and evaluating their implementation.

---

Citizen distrust in public servants and the government is high in the State of Mexico (Figure 3.1). Available data suggest that the degree to which governments are trusted and perceived to act with integrity have the most direct influence on levels of trust in public institutions. Integrity reinforces the credibility and legitimacy of government and facilitates policy action (OECD, 2017<sup>[11]</sup>). In the State of Mexico, 57.5% of the citizens consider “corruption” as one of the most pressing problems in the State of Mexico, before “Poverty” (30.1%), “Poor attention in health centres and public hospitals” (19.9%) and “Poor quality of public education” (10.8%). Moreover, in terms of domestic comparison, 63.3% of the population of the State of Mexico considers that corrupt practices in the State are “very frequent”, being surpassed only by Mexico City with 68.3% (INEGI, 2017<sup>[21]</sup>). As such, the State of Mexico, as other federal states in Mexico, faces the challenge of rebuilding citizen’s trust in public institutions at state and municipal levels.

**Figure 3.1. Percentage of citizens in the State of Mexico who strongly distrust public servants and government, 2017**

Population 18 years of age and over living in urban areas of one hundred thousand inhabitants and more per entity



Source: INEGI (2017<sup>[21]</sup>), National Survey of Quality and Impact of Government, <https://www.inegi.org.mx/programas/encig/2017/> (accessed September 2019).

Building a culture of integrity in the public sector requires going beyond normative requirements for values and principles and defining appropriate sanctions. Laws and clear, written standards of conduct are a first step. However, it demands a common, shared understanding of what kind of behaviour public employees are expected to follow in their daily tasks, when facing ethical dilemmas or confronting conflict of interest situations. The effective implementation of this set of rules, in turn, is the most challenging part of the process of moving from an integrity framework to a culture of integrity.

The OECD *Recommendation of the Council on Public Integrity* recognises the importance of setting clear integrity standards and sanctions in cases of misconduct, as well as the need to provide sufficient information, training and advice for public officials to effectively apply public integrity standards in their workplace (OECD, 2017<sup>[31]</sup>). It offers guidance for decision makers on developing and ensuring an open organisational culture that motivates free discussions of ethical dilemmas and public integrity concerns, and suggests that public organisations should invest in integrity leaders capable of providing relevant advice and willing to demonstrate their commitment to public integrity and the fight against corruption.

## Setting high standards for integrity in the State of Mexico

### ***The State of Mexico’s regulatory framework for public ethics is consistent with Mexico’s National Anti-Corruption System***

The State of Mexico has undertaken the regulatory adjustments required to harmonise its normative framework with the legislation of the National Anti-Corruption System. In particular, the State of Mexico adopted the Law of Administrative Responsibilities of the State of Mexico and Municipalities and the Law of the Anticorruption System of the State of Mexico, as well as a Code of Ethics for public servants of the Government of the State of Mexico and its auxiliary agencies. Together with other relevant legislations, they define the standards for the expected behaviour of public servants and the sanctions for breaches (Table 3.1). This regulatory framework for public ethics is consistent with the Mexican National Anti-Corruption System and the guidelines from the Federal Government.

**Table 3.1. Key legislation regarding public ethics in the State of Mexico**

Legal provision	Description
Political Constitution of the State of Mexico and its Municipalities ( <i>Constitución Política del Estado de México y sus Municipios</i> ), enacted 17 November 1917	Article 83: Sets out the guiding principles of the public servants and of the Attorney General Office of the State of Mexico ( <i>Fiscalía General de Justicia del Estado de México</i> ): legality, objectivity, efficiency, professionalism, honesty and respect for human rights. Article 130: Establishes the framework for the investigation and sanction of administrative responsibilities of public servants. Article 130 bis: Creates the institutional arrangements for the State Anti-Corruption System and the Municipal Anti-Corruption System.
General Law of Administrative Responsibilities ( <i>Ley General de Responsabilidades Administrativas</i> ), enacted 18 July 2016	Article 7: Sets out the guiding principles of the public service. Article 16: Establishes, as an obligation of public servants, to observe the code of ethics issued by the ministries or internal control bodies, in accordance with the guidelines issued by the National Anti-Corruption System.
General Law of the National Anti-Corruption System ( <i>Ley General del Sistema Nacional Anticorrupción</i> ), enacted 18 July 2016	Article 5: Sets out the guiding principles of the public service. Article 7: Defines the members of the National Anti-Corruption System, including the State Anti-Corruption Systems. Article 36: Stipulates the basis and guidelines that the federal states will have to follow to develop the laws for the integration, attributions and operation of the State Anti-Corruption Systems.
Organic Law of the Public Administration of the State of Mexico ( <i>Ley Orgánica de la Administración Pública del Estado de México</i> ), enacted 17 September 1981	Article 38 bis: States the responsibilities of the Office of the State Comptroller of the State of Mexico ( <i>Secretaría de la Contraloría del Gobierno del Estado de México</i> , SECOGEM), including: <ul style="list-style-type: none"> <li>• Receiving and recording the declarations of conflict of interest, as well as asset and fiscal declarations, and determining conflicts of interest of the public servants of the State of Mexico and its municipalities.</li> <li>• Knowing and investigating the acts, omissions or behaviours of public servants that may constitute administrative responsibilities.</li> </ul>
Criminal Code of the State of Mexico ( <i>Código Penal del Estado de México</i> ), enacted 17 March 2000	Articles 328 to 353: Establish penalties for crimes due to corruption, associated with the following behaviours: Non-compliance, improper exercise and abandonment of public functions, abuse of authority, illegal use of powers, intimidation, abusive exercise of functions, trading in influence, bribery, embezzlement, illicit enrichment, and crimes committed by the public servants of justice enforcement and administration system.
Law of the Anticorruption System of the State of Mexico and Municipalities ( <i>Ley del Sistema Anticorrupción del Estado de México y Municipios</i> ), enacted 30 May 2017	Article 5 sets out the guiding principles of the public service.
Law of Administrative Responsibilities of the State of Mexico and Municipalities ( <i>Ley de Responsabilidades Administrativas del Estado de México y Municipios</i> ), enacted 30 May 2017	Article 7 presents the principles that should govern the conduct and actions of public servants. It also establishes guidelines for the effective application of the principles. Article 17 stipulates that it is an obligation of public servants to observe and follow the Code of Ethics. Article 33 to 46 describe the deadlines and procedures for the presentation of the declarations of conflict of interests, as well as asset and fiscal declarations. Articles 50 to 67 set out acts or omissions that may lead public servants to incur in non-serious and serious offenses.

Legal provision	Description
	<p>Articles 68 to 78 set out acts or omissions that may lead private individuals to incur in offenses such as bribery, use of false information, misuse of public resources, improper hiring of former public servants.</p> <p>Articles 79 to 84 present applicable sanctions for violations of integrity rules such as the ones listed above. However, it does not include rules on <i>pre-</i> and <i>post-</i> employment.</p>
<p>Code of Ethics for public servants of the Government of the State of Mexico and its auxiliary agencies (<i>Código de Ética de los servidores públicos del Gobierno del Estado de México y sus organismos auxiliares</i>), enacted 2 April 2019</p>	<p>Presents the principles and values that should guide the conduct of public servants. It also establishes the obligation for each agency and auxiliary body to develop, in the scope of its functions, the rules of integrity for each process of the organisation. In addition, it stipulates that the dissemination of the Ethics Code is the responsibility of SECOGEM and the agencies and auxiliary bodies, while the monitoring of its compliance is an obligation of SECOGEM and the Internal Control Bodies.</p> <p>In addition, it establishes that the agencies and auxiliary bodies should issue their own Codes of Conduct, observing the Code of Ethics.</p>
<p>Code of Ethics for the Judiciary branch of the State of Mexico (<i>Código de Ética del Poder Judicial del Estado de México</i>), enacted 22 May 2019</p>	<p>Presents the principles, values, commitments and rules of integrity that should guide the conduct of public servants of the judiciary branch. It also stipulates that the dissemination of the Code of Ethics and training in ethical issues are responsibilities of the Ethics Committee.</p>

Source: OECD, based on information provided by State of México.

The OECD *Recommendation of the Council on Public Integrity* encourages countries to ensure that their integrity standards apply “to the legislative, executive, administrative, and judicial bodies”, as well as “to their public officials whether appointed or elected, paid or unpaid, in a permanent or temporary position at the central and subnational levels of government”. In the Political Constitution of the State of Mexico (Art. 130), a public servant is defined as any person who performs a job, position or commission in any of the powers of the state, in autonomous bodies, in the municipalities and auxiliary agencies, as well as in companies with state or municipal participation, in similar societies or associations, and in public trusts. This definition is valid for the application of the Law of Administrative Responsibilities of the State of Mexico and Municipalities (LARSMM). As such, the guiding principles of the public service apply to all public employees in line with the OECD Recommendation.

In turn, the *Code of Ethics for public servants of the Government of the State of Mexico and its auxiliary agencies* (the Code of Ethics), published in April 2019 applies to any person who performs a job, position or commission within any of the ministries or auxiliary agencies of the public administration of the state government (Article 2). At municipal level, information provided to the OECD indicates that currently only 10 out of 125 municipalities report having developed an Ethics Code. Regulations in the State of Mexico require all public entities, including municipalities, to develop their own Codes of Ethics. Considering that a significant part of public employees work in municipalities and that many public services vulnerable to corruption are provided at this level, the State of Mexico should consider an increased emphasis on promoting and supporting public ethics in municipalities. The visibility, frequency and closeness of interactions between public servants and citizens, as well as businesses at this level, create opportunities to strengthen local accountability and to fight erosion of public trust (see sub-section “Laying the foundations for public integrity at municipal level” in Chapter 3).

Outside the executive branch, the *Code of Ethics for the Judiciary branch of the State of Mexico* applies to any person who performs a job, position or commission, in any of the administrative or jurisdictional units of the Judicial Branch of the State of Mexico (Article 2). The legislative power, in turn, is currently in the process of developing its own Code of Ethics.

***To improve clarity and ownership of public employees at state and municipal levels, the State of Mexico could engage in a process of identifying the core values of the public service***

The Code of Ethics for the Executive contains fifteen principles and eight values of the public service, which are mostly consistent with those defined in other relevant legislations, both at the federal and state level (Table 3.2). These 23 values and principles are also similar to those emphasised by most OECD member countries. .

**Table 3.2. Ethical values and principles embodied in the integrity framework of the State of Mexico**

Legal provision	Principles
General Law of Administrative Responsibilities	Article 7: Discipline, legality, objectivity, professionalism, honesty, loyalty, impartiality, integrity, accountability, effectiveness and efficiency.
General Law of the National Anti-Corruption System	Article 5: Legality, objectivity, professionalism, honesty, loyalty, impartiality, efficiency, effectiveness, fairness, transparency, economy, integrity and merit competition.
Law of the Anticorruption System of the State of Mexico and Municipalities	Article 5: Legality, objectivity, professionalism, honesty, loyalty, impartiality, efficiency, effectiveness, fairness, transparency, economy, integrity, merit competition and accountability.
Law of Administrative Responsibilities of the State of Mexico and Municipalities	Article 7: Discipline, legality, objectivity, professionalism, honesty, loyalty, impartiality, integrity, accountability, effectiveness and efficiency.
Code of Ethics	Article 6: Legality, honesty, loyalty, impartiality, efficiency, economy, discipline, professionalism, objectivity, transparency, accountability, competition for merit, effectiveness, integrity, fairness. Values: Public interest, respect, respect of the human rights, equity and non-discrimination, gender equality, culture and environment, co-operation, leadership.

Source: OECD, based on information provided by the State of México.

However, while aligned with Federal and State Law, some of the 23 principles and values contained in the current Code of Ethics seem repetitive and may lead to confusion among public officials. Behavioural research suggests that a set of values or key principles ideally should have no more than seven elements to be easily memorised (OECD, 2018<sup>[4]</sup>; Miller, 1955<sup>[5]</sup>). In addition, values target the informal level and social aspects that are shaping human behaviour and, as such, should complement existing legal frameworks, which provide the formal context. As such, instead of following an approach aimed at completeness as well as legal and conceptual rigour, the values in an ethics code should above all be of practical relevance and memorable for public employees. Driven by this consideration, countries such as Australia and Colombia, and recently Brazil, have reviewed their approach to ethics codes and significantly reduced the number of values (Box 3.1). Similarly, the UK Civil Service Code outlines just four civil service values and the Danish “Kodex VII” defines seven central duties to guide civil servants.

### Box 3.1. Revising Ethics Codes: The experiences of Australia and Colombia

#### Revision of the Australian Public Service (APS) values

In the past, the Australian Public Service Commission used a statement of values expressed as a list of 15 rules. In 2010, the Advisory Group on Reform of the Australian Government Administration released its report, which recognised the relevance of a robust values framework and a values-based leadership in driving performance. The report recommended that the APS values could be revised, tightened, and made more memorable. The new values now follow the acronym “I CARE”:

- Impartial
- Committed to service
- Accountable
- Respectful
- Ethical

#### The new Colombian Integrity Code

In 2016, the Colombian Administrative Department of Public Administration initiated a process to define a General Integrity Code. Through a participatory exercise involving more than 25 000 public servants through different mechanisms, five core values were selected:

- Honesty
- Respect
- Commitment
- Diligence
- Justice

In addition, each public entity has the possibility to integrate up to two additional values or principles to respond to organisational, regional and/or sectorial specificities.

Sources: Australian Public Service Commission (2011), “Values, performance and conduct”, [www.apsc.gov.au/about-the-apsc/parliamentary/state-of-the-service/state-of-the-service-2010/chapter-3-values,-performance-and-conduct](http://www.apsc.gov.au/about-the-apsc/parliamentary/state-of-the-service/state-of-the-service-2010/chapter-3-values,-performance-and-conduct); Australian Public Service Commission (2012), “APS Values”, [www.apsc.gov.au/aps-employment-policy-and-advice/aps-values-and-code-of-conduct/aps-values](http://www.apsc.gov.au/aps-employment-policy-and-advice/aps-values-and-code-of-conduct/aps-values); Departamento Administrativo de la Función Pública, Colombia.

Therefore, the State of Mexico could initiate a process aimed at identifying which are the 5 to 7 core values that public officials consider as most relevant, with which they identify and to which they want to aspire. To do so, the State of Mexico could initiate a process to simplify the values contained in the current Code of Ethics and thereby enhance its clarity and practical relevance, while remaining aligned with the existing legal provisions, as has been done in the State of Nuevo Leon (Box 3.2). For example, the 5 to 7 values selected could be compiled in a practical manual or toolkit to complement, not replace, the formal Code of Ethics, so that the overall state framework is still legally consistent with the national one. Such a revision, similar to the Colombian or recent Brazilian experience, would be the opportunity to seek strong participation and engagement by public servants. Consulting and involving them in the process of elaboration through discussion or surveys can help build consensus on the shared values and increase their sense of ownership and compliance with them. To reach out to the municipal level, the State of Mexico could consider involving municipalities in the revision of the Code of Ethics and aim at one single set of values for the state and municipal governments. In addition, as in Colombia (Box 3.1), public entities and municipalities could be invited to add one or two specific values at a later stage, if they deem necessary. These additional values could be discussed in an internal, participatory process.



### Box 3.2. The participatory process to adopt the Ethics Code of Nuevo León

The Ethics Code was adopted in August 2016, thanks to the participation of various stakeholders, in a procedure different from that adopted at the federal level and in other Mexican states. Liaison groups were created in the central ministries and parastatal entities of the public administration, which met every two weeks for a year. The effort was co-ordinated by the Executive Agency for the Co-ordination of the State's Public Administration (*Coordinación Ejecutiva de la Administración Pública del Estado de Nuevo León*) to address different aspects of organisational culture. The code was drafted to replace the previous one, dated 2005, as well as the 2014 Code of Conduct.

Each liaison group developed seven ethics standards, and hypothetical scenarios were discussed to better understand its content and scope. To draft the Ethics Code, public officials were assisted by an ethics specialist from the Monterrey Institute of Technology and Higher Studies (*Instituto Tecnológico y de Estudios Superiores de Monterrey, ITESM*), who led the drafting process. The goal was to have a punctual and succinct code, easy to communicate and understand, and inspiring behaviour based on commonly shared values.

The Code declares that its main purpose is to uphold the values of legality, honesty, loyalty, impartiality and efficiency in the exercise of the duties and functions of public officials. Public officials are required to comply with Nuevo León's legal system, which regulates the public service as well as the seven ethics standards and integrity rules. Each ethical standard describes, in a non-exclusive way, three expected modes of conduct with which public officials should comply, so as not to contravene any of the ethics standards. The seven ethics standards are: no corruption; service; respect and empathy; austerity and sustainability; innovation and efficiency; inclusion; fair and swift decision; and transparency. It applies to all individuals who work and are paid with public resources, for as long as they are engaged in public service activities.

Source: (OECD, 2018<sup>[6]</sup>); Website of the Government of the State of Nuevo León, <http://codigodeetica.nl.gob.mx/>.

### ***The Codes of Conduct and Integrity Rules should emphasise managing conflict of interest and remain a living document to ensure relevance and ownership***

Just as different organisations face different contexts and carry out different kinds of work, they typically will also face a variety of ethical dilemmas and specific conflict-of-interest situations. 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 codes of conduct provide an opportunity to include relevant and concrete examples from the organisation's day-to-day business to which employees can easily relate (OECD, 2009<sup>[7]</sup>).

In fact, similar to the federal level, the Code of Ethics of the State of Mexico already requires that all ministries and auxiliary agencies issue their own codes of conduct, which include even more detailed Integrity Rules that lay out what conducts are expected from public servants. Developing and implementing codes of conduct can also provide an excellent entry point to start working on public integrity at municipal levels (see sub-section "Laying the foundations for public integrity at municipal level" in Chapter 3).

The mandate of the Ethics Committees establish that they should develop a proposal of these organisational Codes of Conduct and, together with the Code of Ethics, steer their implementation. To ensure consistency with the Code of Ethics of the State of Mexico and among the different Codes of Conduct and Integrity Rules within the ministries of the State, SECOGEM issued guidelines to support the Ethics Committees in their tasks.

Four key improvements would contribute to further strengthening the standards set in the Codes of Conduct and Integrity Rules. First, SECOGEM should ensure that more emphasis is put on managing conflict of interest, which is at the core of upholding the public interest over private interests. The Code of Ethics and the Codes of Conduct, in line with the Law of Administrative Responsibilities of the State of Mexico and Municipalities, briefly define what constitutes a potential, apparent and real conflict of interest. However, they do not specify concretely how employees are expected to react when facing a potential conflict of interest situation beyond requiring that public servants complete the declaration of interest form when taking a new position and every time they consider that a possible conflict of interest can emerge. Although the specific ethical competences to identify and manage conflict-of-interest situations need to be developed through training, practice and further guidance (see section “Ensuring that standards translate into practice and behavioural change” in Chapter 3), the Codes of Conduct and Integrity Rules should give a more prominent place to this issue in the context of the respective organisation. This could also contribute to clarify to public employees that being in a situation of conflict of interest is not in itself corruption and that it is in their own interest to learn how to identify such situations and how to manage them. This could also be accomplished through practical manuals and/or toolkits, such as the one issued by SFP at the federal level.

Second, in response to the increasing mobility between the public and private sectors (“revolving door”), OECD member countries have established specific rules and procedures for managing conflict of interest regarding *pre-* and *post-*public employment. The rules and procedures are encouraging public servants and institutions to properly identify and manage possible situations of conflict of interest when changing positions and include prohibitions after leaving office and cooling-off periods. In many cases, countries introduce flexibility into the *pre-* and *post-*public employment system by imposing different restrictions on public sector entities and positions, depending on the extent of the risk of potential conflicts of interest. In general, senior political or public position officials enjoy comparatively attractive post-public employment opportunities because of the power they exercise, the information and experience they possess, and the public funds they allocate. Moreover, their heightened public exposure leaves them more vulnerable to public and media scrutiny should they abuse their *pre-* or *post-*public employment restrictions. For example, in Germany, the Civil Service act stipulates targeted cooling-off periods for civil servants after they have left public service or have reached retirement age. For members of the government and Parliamentary State Secretaries, the Federal Government may prohibit, either fully or in part, the taking up of employment (remunerated or not) for the first 18 months after leaving office, if there is a concern that the new position will interfere with public interests. The decision on a prohibition is taken in light of a recommendation from an advisory body composed of three members (Box 3.3).

### Box 3.3. Examples of cooling-off periods in OECD member countries

There is substantial variation between and within countries that use cooling-off periods according to position, when it comes to time limits adopted. For example:

- In Australia, Article 7 of the Lobbying Code of Conduct sets a cooling-off period of 18 months for ministers and parliamentary secretaries, and 12 months for ministerial staff. During those times, the former are prohibited from engaging in lobbying activities pertaining to any matter on which they worked in the last 18 months of employment, and the latter in the last 12 months.
- In Canada, the Lobbying Act prohibits “former designated public office holders” from carrying on most lobbying activities for a period of five years.
- In Italy, specific national legal provisions (d.lgs.165/2001, art.53, c.16-ter, modified by the Anti-Corruption Law no.190/2012) prevent public officials who have held managerial and negotiating positions in the previous three years from performing related duties in a private sector entity.
- In the United Kingdom, the Ministerial Code does not allow ministers to lobby government for two years after they leave office. Moreover, UK ministers and senior crown servants must seek permission from the Advisory Committee on Business Appointments before taking on any new paid or unpaid appointment within two years of leaving ministerial office or crown service.
- In the United States, public procurement officials are prohibited from accepting compensation from a contractor for one year following their government employment, if they served in certain decision-making roles with respect to a contract awarded to that contractor. They are also required to disclose any contacts regarding non-federal employment by a bidder on an active procurement, and either reject such offers of employment or disqualify themselves from further participation in the procurement.

When considering the length of cooling-off periods, core factors to take into account include whether the time lengths are fair, proportionate and reasonable considering the seriousness of the potential offence. Tailoring the duration of restrictions is also necessary depending on the type of problem area and level of seniority. For example, a ban on lobbying may be appropriate for a specific length of time, but restrictions on the use of insider information should be for life, or until the sensitive information is public.

Source: (OECD, 2020<sup>[8]</sup>).

The State of Mexico requires public officials not to use confidential or privileged information and prohibits private individuals to hire former public servants who possess privileged information for up to one year after they leave the public sector. However, the standards do not require cooling-off periods after leaving the public sector for issues related to lobbying or engaging in official dealings or interacting with former subordinates or colleagues in the public sector. The State of Mexico could therefore consider setting a broader cooling-off standard that allows preventing possible situations of conflict of interest, not necessarily associated with hiring former public servants. Whether a cooling-off period should apply and how long it should be, could depend on the grade of the public official and ideally on a risk assessment of the position, in line with good practices in OECD countries. Given scarcity of experts for some tasks, it may be necessary to include the possibility of shortening the cooling-off period in exchange for requirements increasing the transparency and accountability of the individual. For example, in Spain, high-level officials are required to disclose future employment plans and seek approval from an advisory body (Transparency International, 2015<sup>[9]</sup>). Also, approval of post-employment private activities by the Office for Conflicts of Interest is required for a 2-year-cooling-off period. In the State of Mexico, decisions could be taken by SECOGEM. Of course, sanctions related to violations of these revolving door requirements should ensure the credibility of the rules.

Third, gifts are a sensitive issue that can lead to situations of conflict of interest. Regardless of their value, they can improperly influence the performance of public officials affecting their objectivity and impartiality. Under the LARSMM, receiving gifts from a person or an organisation is prohibited (Article 7). The Code of Ethics, in Article 6, also emphasises that public servants cannot solicit or accept gifts of any type. However, the recent agreement establishing the dispositions for receiving, registering and disposing of objects received elaborates clear procedures on how public servants have to report gifts. The Codes of Conduct could elaborate further on this agreement and emphasise that if a public employee received a gift, it is better to notify than not, as the employee exposes himself to the risk of misunderstandings or even extortion. Indeed, gifts are sometimes strategically given without asking for *quid pro quos* with the aim to capture a public official – when a *quid pro quo* is eventually asked for, the public official is already too compromised to reject the request or unconsciously biased in favour of the gift-giver (OECD, 2017<sup>[10]</sup>; OECD, 2018<sup>[4]</sup>). Additionally, the State of Mexico could consider applying lessons from behavioural insights to make reminders to report gifts to the registry more effective (Box 3.4).

### Box 3.4. Improving compliance with gift registries through reminders

Mexico's Ministry of Public Administration (*Secretaría de la Función Pública*, SFP) in co-operation with the research centre CIDE (*Centro de Investigación y Docencia Económicas*) applied behavioural insights to the gift registration policy, in order to enhance compliance. SFP sent out reminder emails to public employees required to register their received gifts. They randomly varied the text of the message. Five different types of reminder messages were sent:

- Legal: It is your legal obligation to register received gifts.
- Honesty: We recognise your honesty as a public official. You are required to register gifts. Demonstrate your honesty.
- Impartiality: Receiving gifts can compromise your impartiality. When you receive a gift, register it.
- Social: More than 1 000 registrations per year are made by your colleagues. Do the same!
- Sanction: If you receive a gift and you do not inform us, someone else might. Do not get yourself punished. Register your gifts.

The study then observed the number of gifts registered around the Christmas period (peak season for gifts), and compared this with previous years and against a control group who did not receive any of the messages. The study demonstrated that receiving a reminder email increased the number of gifts registered. However, some messages were more effective than others: reminding public officials of their legal obligations and appealing to their impartiality and honesty encouraged more people to register gifts than referring to sanctions or registrations made by colleagues.

This example shows that: (i) small behavioural nudges can increase compliance with an existing policy; and (ii) appealing to values and integrity changes behaviour more effectively than threatening sanctions. In fact, sanctioning an employee for accepting a small gift such as a box of chocolates, rather than trusting that the gift will not unduly influence them, might create resentment. If employees feel distrusted, they might begin to secretly accept small gifts, knowing that such policies are difficult to monitor, and thereby develop a tolerance of non-compliance with the gift policy.

Source: (OECD, 2018<sup>[4]</sup>; Fellner, Sausgruber and Traxler, 2013<sup>[11]</sup>); Santiago Steta (SFP), presentation at the meeting of Senior Public Integrity Officials (SPIO) in Paris on 26 November 2017.

Finally, the current guidelines to elaborate the codes of conduct could encourage explicitly that the codes of conduct should remain living documents to be regularly updated, in line with emerging risks, and

discussed amongst the employees of the organisation, steered by the Ethics Committees. For instance, employees could be encouraged to propose changes on a continuous basis, e.g. through a “suggestions box”. Such bottom-up proposals could be considered regularly and actions taken. Consulting and involving employees in the elaboration and updating of the code of conduct through focus group discussions, surveys, or interviews can help build consensus on the expected behaviour, increase staff members’ feelings of ownership and compliance with the code, ensure that the language is understandable and that the behaviours included are relevant for the employees of the organisation. In addition, SECOGEM could consider encouraging an active role of external stakeholders, such as users of public services and private suppliers of goods and services, in the process of elaborating or updating the Codes of Conduct and Integrity Rules. First, this can ensure that both users and suppliers become aware of the expected conduct of public employees and that they can hold them to account for that conduct. Second, it allows taking into account the perceptions and experiences of externals when being in contact with public employees in the development of the codes.

## Ensuring that standards translate into practice and behavioural change

Setting the standards right and ensuring their relevance for public employees is the first step towards building an integrity culture. The challenge relates to the effective implementation of these standards and achieving the desired change in practice and behaviour. Raising awareness and engaging all public employees, offering them guidance, training and advice, as well as leading by example, are key ingredients to build a culture of integrity in the State of Mexico.

### ***Develop guidance material to help public employees identify and manage conflict of interests***

The 2003 OECD *Guidelines for Managing Conflict of Interest* aim at helping countries to promote a public service culture where conflicts of interest are properly identified and resolved or managed, in an appropriately transparent and timely way, without unduly inhibiting the effectiveness and efficiency of the public organisations concerned. The effectiveness of managing conflict of interest rests upon the understanding public employees have about the concept of conflicting interests, their capacity to identify when being in such a situation and their knowledge on how and where to report them. They must also trust the system and believe that reporting a conflict of interest situation will not cause them any harm.

Often, however, employees may not be able to identify that they are in a situation of conflicting interests, or that they are being put deliberately in a conflict of interest situation through apparently insignificant gifts, invitations or gratuities. In addition, international practice and experimental evidence shows that employees may be aware of factors that could influence their decisions, but often overestimate their ability to remain objective (OECD, 2018<sup>[4]</sup>). For instance, as mentioned above, public officials may receive gifts or invitations from a supplier, but think that they still will be able to take a neutral and objective decision. Yet, human beings are hard wired to reciprocate favours, even unconsciously.

Even when a conflict of interest situation has been correctly identified, public employees should have a clear idea on how to proceed to report and adequately manage the situation. While the direct superior is and should be the first to contact, it may be good to communicate that employees can seek previous guidance with a trusted ethics advisor, which could be embodied by the integrity units recommended and described in Chapter 1.

In addition to a lack of knowledge with respect to reporting procedures, there may be psychological aspects impeding the reporting of the situation. Indeed, the concept of a conflict of interest may be difficult to grasp. OECD Integrity Reviews, as well as interviews conducted in the State of Mexico, found that employees often misunderstand a conflict of interest situation as being synonymous with the criminal offense of

“influence trading”. Similarly, claiming that someone has a conflict of interest is often understood as a moral criticism, and not as a description of a set of circumstances. For the effectiveness of conflict of interest policies, it is pivotal to help public employees understand that being in a situation of conflict of interest is a judgement about the situation and not about their moral integrity.

Therefore, in addition to emphasising the need for managing conflict of interest in the Code of Ethics and in the Codes of Conduct and Integrity Rules, the Corruption Prevention Unit (*Unidad de Prevención de la Corrupción*) of SECOGEM could consider developing additional guidance material aimed at clarifying the concepts and their practical implications. Such material or guidelines should not attempt to cover every possible situation in which a conflict of interest might arise and not over-emphasise sanctions related to breaches. Instead, they should provide public employees with clear and realistic descriptions of what conditions might lead to a conflict of interest situation and procedures to help identifying and declaring private interests that might result in a potential conflict of interest. In line with the previous recommendation, SECOGEM is currently working in developing a Public Ethics Manual. In a different case, Argentina has implemented an online simulator, where public officials can seek guidance to assess whether they are in a situation of conflict of interest (Box 3.5).

### **Box 3.5. The online conflict of interest simulator in Argentina**

The Anti-corruption Office (*Oficina Anticorrupción*) has developed an online conflict-of-interest simulator to provide guidance and orientation in specific conflict-of-interest situations.

Through the selection of answers to selected questions, public officials are guided through an online process where they can assess whether they are in a situation of current or potential conflict of interest. The simulator is available for future, current and past public officials. If a potential conflict of interest is detected, the simulator informs the official of the relevant norm of the Public Ethics Law and advises the public official to seek further guidance of the Anti-corruption Office.

The simulator is a useful tool to enable officials to clarify any doubts they might have over a situation.

Source: (OECD, 2019<sup>[12]</sup>), [http://simulador.anticorrupcion.gob.ar/simulador.php?ciclo\\_id=1](http://simulador.anticorrupcion.gob.ar/simulador.php?ciclo_id=1).

Finally, most OECD countries aim at identifying those areas that are most at risk of corruption and attempt to provide particular guidance to prevent, manage and resolve conflict-of-interest situations. As such, the strengthened integrity unit could play a key role providing advice to public employees in managing conflict of interest. In addition, they could combine information obtained through already completed integrity risk assessments and through engaging and motivating public employees to share examples of conflict-of-interest situations, e.g. during focus group discussions or training sessions organised by Ethics Committees. Doing so, an organisation could develop a very clear and concrete picture of the ‘at-risk’ areas, processes or positions that are particularly prone to potential conflict of interest situations and develop specific guidance and implement measures to address them, while reducing the stigma often associated with conflict of interest situations. The Corruption Prevention Unit could provide support to the Ethics Committees in carrying out this guidance on managing conflict of interest tailored to the specificities of the corresponding organisation.

### **Support public employees in recognising and processing ethical dilemmas**

Recognising a conflict of interest may be challenging. Moreover, real ethical dilemmas do not have a straightforward “solution” of what would be correct behaviour; they require time to think through the dilemma, document the path taken to make a choice and the possibility to seek external advice (Lewis and

Gilman, 2005<sup>[13]</sup>). In Australia, for example, the REFLECT model provides public officials with general sequenced steps and reflections on how to proceed (Box 3.6).

### **Box 3.6. 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), such as the Lobbyists Code of Conduct, and the register of 'third parties', the Ministerial Advisers' Code and the work on whistleblowing and freedom of information.

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

1. **RE**cognise a potential issue or problem
2. **F**ind relevant information
3. **L**inger at the 'fork in the road' (talking it through)
4. **E**valuate the options
5. **C**ome to a decision
6. **T**ake time to reflect

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

Again, the Ethics Committees, especially if transformed into Integrity Units, as recommended in Chapter 1, could play a key role in providing public employees a safe haven. Such protected spaces are essential to support employees and provide them with an opportunity where they can seek advice when confronted with ethical dilemmas or in case of any other doubt related to the Code of Ethics or the Code of Conduct and the Integrity Rules of their organisations. To be able to fulfil this function, at least one public official needs to be trained as an ethical advisor. The existence of this position needs to be clearly communicated to the staff and ideally remains the same over time, so the ethical advisor can build trust within the organisation.

### ***Optimise initiatives to communicate, raise awareness and train public employees on the Code of Ethics, the Codes of Conduct and the Integrity Rules***

Raising awareness, building knowledge and skills, and cultivating commitment for integrity are essential public integrity elements. Raising awareness about integrity standards, practices and challenges helps public officials recognise integrity issues when they arise. Communication of the standards, both internally within the organisation and externally with stakeholders, makes the standards alive and part of the organisational culture. Likewise, well-designed training and guidance equips public officials with the knowledge and skills to appropriately manage integrity issues and seek out expert advice when needed.

The Corruption Prevention Unit recognised that communication, raising awareness and building capacity contribute to cultivating commitment amongst public officials and motivating behaviour to carry out their public duties in the public interest. In 2019, SECOGEM signed an agreement with the Human Rights Commission of the State of Mexico (*Comisión de Derechos Humanos del Estado de México*) to organise seven keynote conferences on issues related to ethics in the public administration, culture of legality, integrity rules, prevention of conflict of interest and prevention of corruption, amongst others. Moreover, the Corruption Prevention Unit provides regular advice and offers training on anti-corruption, integrity and ethical issues to public servants who request it. The Unit currently also provides specialised training and

advice to the members of the Ethics Committees established in the ministries and auxiliary agencies of the State. More recently, SECOGEM started publishing every Wednesday, in its social networks, a description of a public service value. While the State of Mexico is currently carrying out the latter activities to promote public ethics and integrity, further measures could be implemented to build a strong culture of integrity.

First, with respect to communication and awareness raising, SECOGEM could get support from the proposed network of Ethics Committees, including those from municipal governments, to reach out to all public institutions of the state, so that they can help promoting integrity campaigns and circulating information within each public entity. In addition, the State of Mexico could complement the ongoing efforts by designing more targeted campaigns and advice. For instance, concrete examples could be provided about what a particular value might mean to encourage public officials to think about the value and internalise it. Well-formulated advice in the form of questions and answers dealing with one specific topic is also useful (Box 3.7.).

### **Box 3.7. Catalogues of questions and answers related to gifts, hospitality and other benefits in Germany**

An example of a technologically basic but useful tool is the publication “Answers to frequently asked questions about accepting gifts, hospitality or other benefits”, published by the Federal Ministry of Interior of Germany. This catalogue of questions and answers was not drafted exclusively by a controlling agency, but by a group of chief compliance officers from large and medium enterprises, federal ministries, and associations. As a result, it reflects not only a top-down imposed interpretation of rules, but also a shared understanding between public and private parties. The publication covers:

- Basic information: Are federal administration employees allowed to accept gifts? What is meant by gifts, hospitality, and other benefits?
- Dealing with gifts: Is approval always required for accepting a gift, even promotional items? What should I do if I am not sure whether it is legal to give or accept a gift?
- Gifts in kind: Am I allowed to give a book or professional journal related to the employee’s field of expertise?
- Invitations, hospitality: Is it possible to invite employees to a buffet meal or snack during or after a specialist event? Is it possible to invite spouses or life partners to events?
- Paying for travel expenses: Is it possible for a third party to pay an employee’s travel expenses? What should a federal employee do if offered a ride in a taxi or rental car by a business partner?
- Delegation travel: What should one be aware of regarding delegation or factory visits? What should be noted when requesting reimbursement for travel expenses for a delegation or factory visit?
- Private use of discounts: When can the private use of discounts be approved? When is the private use of discounts prohibited?

Altogether, 52 questions are answered in a concise, easily accessible manner. An index of key terms with up-to-date hyperlinks facilitates the search.

Source: German Federal Ministry of the Interior, “Private Sector/Federal Administration Anti-Corruption Initiative – Answers to frequently asked questions about accepting gifts, hospitality, or other benefits”,  
[www.jaunde.diplo.de/contentblob/3809240/Daten/2296502/FragenkatalogKorruption.pdf](http://www.jaunde.diplo.de/contentblob/3809240/Daten/2296502/FragenkatalogKorruption.pdf).



Second, the State of Mexico could diversify specific trainings on integrity and ethics for public servants, emphasising the practical implications, beyond mere legal compliance. To ensure real change in behaviour, the ethics training should encourage public officials to become partners in creating an integrity culture throughout government. Studies have demonstrated that ethics training should not be considered as a one-time exercise; training needs to be repeated, since people forget what they have learned, circumstances may change, responsibilities can increase or change and regulations may be amended or new ones could be enacted. For these reasons, the most rigorous ethics regimes embarked on a strategy that emphasises regular training exposure of public officials (Gilman, 2005<sup>[14]</sup>). Canada, for example, has even instituted continuous training sessions of its public officials, from the moment they are hired until they leave their posts and the sessions are available online. Indeed, together with the Institute of Professionalisation of the Public Servants of the Executive Branch of the Government of the State of Mexico, SECOGEM could develop a basic integrity online course, mandatory for all public employees, including the employees that are freely appointed (“*confianza*”). Online courses are an efficient way to reach a large number of public employees at relatively low costs and provide the basics of the integrity policies. The State of Mexico could follow the example of the Slovak Republic, for instance (Box 3.8).

### Box 3.8. The Slovak Republic's Anti-Corruption E-learning Programme

The National Crime Agency of the Police Force Presidium of the Ministry of the Interior of the Slovak Republic created an Anti-Corruption E-learning Programme with the support of the Public Sector Integrity Division of the OECD Directorate for Public Governance. The programme was designed based on:

- The Programme Declaration of the Government of the Slovak Republic for years 2016-2020.
- National anti-corruption documents.
- International anti-corruption standards, notably the OECD *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* and the OECD *Recommendation of the Council on Public Integrity*, as well as other OECD instruments, manuals and recommendations.

The programme aims at strengthening the culture of integrity and preventing corruption in the Slovak Republic and is divided into three modules covering:

- Public integrity.
- Elimination of potential for corruption.
- Raising awareness on bribery in international business transactions.

Each module provides practical information and a short questionnaire to assess understanding of the different elements covered in the modules. The Anti-Corruption E-learning Programme and its three modules, as well as related questionnaires and answers, support professional growth, awareness raising and education in government, business, civil society and the general public, in an interactive and accessible format. It is available in both Slovak and English.

Source: [http://www.oecd.org/gov/ethics/integrity-publications/Slovakia%20e-learning%20brochure\\_EN.pdf](http://www.oecd.org/gov/ethics/integrity-publications/Slovakia%20e-learning%20brochure_EN.pdf).

On the other hand, the State of Mexico could complement an online course with more in-depth and specific capacity building courses targeted to three groups:

- public officials working in at-risk areas, for instance, procurement officials, auditors, public officials directly dealing with user-oriented services, such as licencing or permits
- public officials with responsibility to manage staff, to reinforce their function as an ethical role model (see next Section for more detail)
- public officials working in the Ethics Committees, or the reformed integrity unit as recommended in Chapter 1, to ensure that these units have the capacities to correctly address the concerns brought to them.

These targeted in-depth trainings could in particular develop skills on how to address ethical dilemmas and conflict of interest situations. They could be developed by the reformed integrity units with support of the Corruption Prevention Unit and the Institute for the Professionalisation of Public Servants of the Executive Branch of the State of Mexico to ensure that trainings respond to the needs of the corresponding organisation. The State of Mexico should ensure that these trainings are mandatory for the identified public employees and require that the training is periodically repeated (e.g. every two years). In addition, a public employee who moves to another public organisation should be required to follow the training in the new organisation. Again, these trainings should also be mandatory for all public employees, including those that are freely appointed (“*confianza*”). Of course, trainings should be dynamic and interactive, as in the example of the Flemish Region (Box 3.9).

### Box 3.9. 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 a difficult ethical choice. The facilitator encourages discussion among 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. Over the course of the debate, participants will learn to identify different, potentially conflicting values.

In most trainings, the facilitator uses a card system. He/she explains the rules and participants receive four “option cards” printed with the numbers 1, 2, 3, and 4. A stack of “dilemma cards” is placed on the table. The “dilemma cards” describe situations and propose four options for resolving them. In each round, one of the participants reads out the dilemma and options. Each participant indicates their choice by holding up the “option card” with the corresponding number and explains the choice. Following this, participants discuss the choices. The facilitator remains neutral, encourages the debate, and suggests alternative options on how to look at the dilemma (e.g. sequence of events, boundaries for unacceptable behaviour).

One example of a dilemma situation is as follows:

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 already be 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 because the chief of cabinet has called. What should I do?

- I send the briefing and do not mention the missing information.
- I send the briefing but mention that no decisions should be made based on it.
- I do not send the briefing. If anyone asks about it, I will blame the other department.
- I do not send the briefing. I provide an excuse for its tardiness and promise that I will send it tomorrow.

Other dilemma situations could cover themes such as conflicts of interest, ethics, loyalty, or leadership, for example.

Source: Website of the Flemish Government, Omgaan met integriteitsdilemma's, available from <https://overheid.vlaanderen.be/omgaan-met-integriteitsdilemmas> (in Dutch).

Finally, the State of Mexico could also implement new initiatives to communicate integrity rules in public organisations. The use of regular small reminders of appropriate behaviour could allow the internalisation of social norms and the construction of a collective idea about the type of behaviour that is socially undesirable. Moreover, the use of contextual cues could increase awareness about risks in situations when deception is about to take place (Mazar and Ariely, 2006<sup>[15]</sup>). The effect of a moral reminder may be reduced if an individual is exposed to it on a frequent basis, and at some point, the message may no longer be noticed. Nonetheless, when policy makers place such messages in the proximity of decisions with integrity risks – which are not taken frequently by the same person – they can make a significant difference. The Corruption Prevention Unit, together with Ethics Committees, could therefore review processes and procedures for the possibility of inserting timely moral reminders. For example, whenever a public employee enters the service, changes positions or starts a new project, it could be required to sign the already existing Letter of Commitment (*Carta Compromiso*).

### ***Develop ethical leadership awareness and skills with public managers***

Consistent ethical role modelling and leadership from managers is one of the main sources of promotion and diffusion of standards of conduct. Leaders' roles in promoting and actively managing integrity in their organisations cannot be underestimated. Social learning theory suggests that people learn from one another, via observation, imitation, and modelling, and that manager's engagement in unethical acts is the biggest driver of unethical behaviour (Hanna, Crittenden and Crittenden, 2013<sup>[16]</sup>). Even the best designed codes of conduct, processes and integrity structures fall short if public officials are not encouraged by visibly committed managers and leaders.

To be an ethical leader, two interrelated aspects are required:

- The leader needs to be perceived by employees as a *moral person* who understands his own values and uses them to make the right decisions when faced with an ethical dilemma.
- The leaders need to be perceived as *moral managers* who make open and visible ethical decisions, rewards and sanction others based on ethical criteria, communicate openly about ethics and give employees the opportunities to make their own ethical choices and encourage them to seek advice.

The interviews conducted in the State of Mexico illustrated commitment at the highest level, amongst others expressed in the openness to conduct an Integrity Review and start a process aimed at improving integrity standards and practices. Nonetheless, the interviews also indicated that the ethical leadership and management skills at the intermediate management levels could be reinforced.

First, integrity could be part of the skills required in the hiring process of public managers and in their performance evaluations. In Canada, the Key Leadership Competencies Profile defines the behaviours expected of leaders in the public service in building a professional, ethical and non-partisan public service. The competency to 'uphold integrity and management' highlights the role of leaders to create a work environment in which advice is sought and valued and ethical conduct is exemplified and encouraged. The Competency Profile is taken into account for selection, learning, performance and talent management of executives and senior leaders. The State of Mexico could inspire its leadership policies by this Canadian experience and adapt the idea to the current regulations and procedures for hiring managers (Box 3.10).

### **Box 3.10. Ethical leadership as one of the Key Leadership Competencies in the Canadian Service**

One of the key leadership competences Canadian executives and senior leaders are measured against is to 'Uphold integrity and respect'. This means that leaders model ethical practices, professionalism and integrity. They build an open organisational culture in which employees are confident to seek advice, express diverse opinions and uphold collegiality. Examples of effective behaviour to uphold integrity and respect for the different levels are described below:

#### **Deputy Minister**

- Values and provides authentic, evidence-based advice in the interest of Canadians.
- Holds self and the organisation to the highest ethical and professional standards.
- Models and instils commitment to citizen-focused service and the public interest.
- Builds and promotes a bilingual, inclusive, healthy organisation respectful of the diversity of people and their skills and free from harassment and discrimination.
- Exemplifies impartial and non-partisan decision making.
- Engages in self-reflection and acts upon insights.

#### **Assistant Deputy Minister**

- Values and provides authentic, evidence-based advice in the interest of Canadians.
- Holds self and the organisation to the highest ethical and professional standards.
- Models and builds a culture of commitment to citizen-focused service and the public interest.
- Builds and promotes a bilingual, inclusive, healthy organisation respectful of the diversity of people and their skills and free from harassment and discrimination.
- Exemplifies impartial and non-partisan decision making.
- Engages in self-reflection and acts upon insights.

#### **Director General**

- Values and provides authentic, evidence-based advice in the interest of Canadians.
- Holds self and the organisation to the highest ethical and professional standards.
- Models commitment to citizen-focused service and the public interest.
- Creates opportunities that encourage bilingualism and diversity.
- Advances strategies to foster an inclusive, healthy organisation, respectful of the diversity of people and their skills and free from harassment and discrimination.
- Exemplifies impartial and non-partisan decision making.
- Engages in self-reflection and acts upon insights.

#### **Director**

- Values and provides authentic, evidence-based advice in the interest of Canadians.
- Holds self and the organisation to the highest ethical and professional standards.
- Models commitment to citizen-focused service and the public interest.
- Creates opportunities that encourage bilingualism and diversity.

- Implements practices to advance an inclusive, healthy organisation, respectful of the diversity of people and their skills and free from harassment and discrimination.
- Exemplifies impartial and non-partisan decision making.
- Engages in self-reflection and acts upon insights.

### **Manager**

- Values and provides authentic, evidence-based advice in the interest of Canadians.
- Holds self and the organisation to the highest ethical and professional standards.
- Models commitment to citizen-focused service and the public interest.
- Supports the use of both official languages in the workplace.
- Implements practices to advance an inclusive, healthy organisation, that is free from harassment and discrimination.
- Promotes and respects the diversity of people and their skills.
- Recognises and responds to matters related to workplace well-being.
- Carries out decisions in an impartial, transparent and non-partisan manner.
- Engages in self-reflection and acts upon insights.

### **Supervisor**

- Values and provides authentic, evidence-based advice in the interest of Canadians.
- Holds self and the organisation to the highest ethical and professional standards.
- Models commitment to citizen-focused service and the public interest.
- Supports the use of both official languages in the workplace.
- Implements practices to advance an inclusive, healthy organisation, that is free from harassment and discrimination.
- Promotes and respects the diversity of people and their skills.
- Recognises and responds to matters related to workplace well-being.
- Carries out decisions in an impartial, transparent and non-partisan manner.
- Engages in self-reflection and acts upon insights.

Source: Government of Canada, Key Leadership Competency profile and examples of effective and ineffective behaviours, available from <https://www.canada.ca/en/treasury-board-secretariat/services/professional-development/key-leadership-competency-profile/examples-effective-ineffective-behaviours.html>.

Second, public managers with responsibility for managing staff should receive training aimed at raising awareness concerning their responsibility in managing conflict of interest and providing advice in case their subordinated staff are faced with doubts or ethical dilemmas. These trainings should correspond to their level of responsibilities. Indeed, the direct superior should be the first instance where public employees can go in case of doubts and play the most important role in promoting a culture of open discussion and integrity. For example, there is no better incentive for public employees to declare a situation of conflict of interest as if they have witnessed their direct superior handling such a situation in a transparent manner. Trainings could therefore aim at preparing managers to become a role model, to communicate to their staff that errors are human and can be discussed freely with them, and to know about the relevant integrity regulations and risk factors in their areas of work.

Finally, periodic performance evaluations can be useful to create a space in which managers and their staff can discuss integrity issues and create an environment of trust to share doubts related to possible situations of conflict of interest or ethical dilemmas. Performance evaluations can also be used to transmit expectations regarding the values and behaviours that should be present in developing the daily-based activities. During these meetings, it could also be helpful to discuss general issues concerning the division of labour, teamwork, etc. If taken seriously and not as a check-the-box exercise, such a regular discussion would help to make integrity one of the priorities of work performance and can provide the opportunity to move beyond evaluating past objectives and future goals of employees (OECD, 2017<sup>[17]</sup>). In the State of Mexico, public institutions conduct performance evaluations (*evaluaciones del desempeño*) of public servants every six months. Public servants are informed about their performance at the end of the evaluation, before signing it. The Corruption Prevention Unit, together with the Human Resource Management Unit, could design a procedure that dedicates a section to integrity, for instance, reminding the principles and values of the public service, inviting employees to speak about ethics and developing a capacity-building plan that includes trainings for all public employees, including those that are freely appointed, on integrity policies such as management of employees' conflict of interest or ethical dilemmas.

### ***Laying the foundations for public integrity at municipal level***

While integrity is a concern at all levels of government, opportunities for certain types of corruption can be more pronounced at subnational levels. Subnational governments' responsibilities for the delivery of a large share of public services (e.g. security, waste management, utilities, granting licences and permits) increases the frequency and directness of interactions between government authorities and citizens and firms, which creates opportunities to test the integrity of subnational governments (OECD, 2017<sup>[18]</sup>). For example, in Mexico 8 of the 10 procedures which are perceived as most corrupt either concern competences spread across different levels of government or are under the direct responsibility of municipalities (Table 3.3).

**Table 3.3. Administrative procedures perceived as most corrupt and corresponding level of administrative competence in Mexico**

Administrative procedure	Corruption perception (%)	Level of government responsibility
Administrative offence ( <i>Faltas administrativas</i> )	37	Multi-level
Traffic violation ( <i>Infracción por incidente de tránsito</i> )	35	Multi-level
Parking violations ( <i>Infracciones al estacionarse</i> )	28	Municipal
Land use permits ( <i>Permiso de uso de suelo</i> )	19	Municipal
Request for cleaning service ( <i>Solicitud de servicio de limpia</i> )	18	Municipal
Proof of car polluting substances ( <i>Verificación vehicular de contaminantes</i> )	16	State
Request for water pipeline ( <i>Solicitud de una pipa de agua</i> )	12	Multi-level
Procedures in the Office of the Attorney ( <i>Trámites ante el ministerio público</i> )	11	Multi-level
Permit for street-selling ( <i>Permisos para vender en vía pública</i> )	8	Municipal
Border procedures ( <i>Trámites de aduana</i> )	5	Federal

Source: IMCO with data from ENCIG 2014. Adapted from [http://imco.org.mx/indices/documentos/2015\\_IHE\\_Presentacion.pdf](http://imco.org.mx/indices/documentos/2015_IHE_Presentacion.pdf).

At municipal level in the State of Mexico, a major challenge consists of following a realistic approach that takes into account the local realities, capacities, but also opportunities. In addition, there needs to be an even clearer distinction than for entities at the state level between measures pertaining to the political level, i.e. the elected mayors, and the employees of the municipal administration. For the public administration, an involvement of municipalities in the selection of a few values to develop practical tools, as mentioned

above, could provide a good entry point to promote a discussion about the values and principles that should guide local administrations. Building on that, municipalities could be supported by the Corruption Prevention Unit in developing their own municipal Codes of Conduct, which would be the instrument to take into account local risks and contextual factors. Such support would be of a co-operative nature, respecting the autonomy of municipalities. In Peru, the Basel Institute on Governance with the contribution of the OECD, provided a methodology for regional governments that emphasises public officials' participation during the whole development and implementation process of a local code of conduct, from the assessment of the entity's integrity context to the dissemination of the code itself (Basel Institute on Governance, 2018<sup>[19]</sup>). The State of Mexico could build on this methodology, adapting it to its own needs and context.

In addition, when considering the elected mayors, the interviews conducted in the State of Mexico with representatives from municipalities and civil society suggest that building basic capacities in public management and an understanding of how the public administration works would be essential to lay the foundation for integrity policies. As such, the State of Mexico could consider implementing a similar capacity-building programme for elected officials as in Colombia (Box 3.11).

### **Box 3.11. Induction seminars for elected Governors and Mayors in Colombia**

The Colombian National School of Public Administration (*Escuela Superior de Administración Pública*, ESAP) organises and conducts public administration induction seminars for elected Governors and Mayors. Every four years, during one week, prior to their inauguration, all governors and mayors of the country meet in Bogotá to receive guidance on various issues of public administration. One of the main purposes of these seminars is to promote the articulation of the government plans of the incoming local administrations with the National Government and the National Development Plan. Attendance at these seminars is mandatory and is one of the requirements to take office (Article 31 of Law 489 of 1998).

Representatives of various national government institutions also participate in this space to directly provide training on topics such as strategic planning, efficient purchasing, financial management, international co-operation, among others. In addition to these general talks, Governors and Mayors participate in specific workshops for their regions and municipalities.

These seminars are part of the strategy called '*Elijo saber: Candidatos formados, gobiernos exitosos*', led by the ESAP, the National Planning Department, and the Administrative Department of Public Service, with the support of several entities including the Attorney General's Office, the Ministry of Information Technology and Telecommunications and the National Electoral Council. Within the framework of this strategy, candidates for mayor and governor receive virtual and face-to-face training in topics related to electoral political regime, territorial development management and local public management.

In addition, as part of the activities promoted by the national government to support territorial development management, the Administrative Department of Public Administration (*Departamento Administrativo de Función Pública*, DAFP) developed a Virtual Advisory Space called EVA (*Espacio Virtual de Asesoría*). With help of EVA, public servants, including governors and mayors, can request information and receive guidance on the different policies promoted by the entity, including public employment, citizen participation and transparency and organisational structure, among others.

Improving the performance of local governments is still a challenge. According to data from the Attorney General's Office, 550 mayors and 21 governors were sanctioned during the last two years. Analysing 2017 information only, 86 mayors were sanctioned, 53 for committing a serious offense and 26 for a very serious offense, according to the Single Disciplinary Code, while there is no data on governors sanctioned during 2017.

Sources: Departamento Administrativo de la Función Pública (2015), En Bogotá avanza capacitación a Gobernadores y Alcaldes electos de todo el país en el marco de la estrategia Elijo Saber, [https://www.funcionpublica.gov.co/web/quest/noticias/-/asset\\_publisher/mXU1au9B4LL/content/en-bogota-avanza-capacitacion-a-gobernadores-y-alcaldes-electos-de-todo-el-pais-en-el-marco-de-la-estrategia-elijo-saber?from=2017/04](https://www.funcionpublica.gov.co/web/quest/noticias/-/asset_publisher/mXU1au9B4LL/content/en-bogota-avanza-capacitacion-a-gobernadores-y-alcaldes-electos-de-todo-el-pais-en-el-marco-de-la-estrategia-elijo-saber?from=2017/04), accessed September 2019; La FM (2019), Procuraduría ha sancionado 1.200 funcionarios de elección popular en dos años, <https://www.lafm.com.co/judicial/procuraduria-ha-sancionado-1200-funcionarios-de-eleccion-popular-en-dos-anos>, accessed September 2019; Procuraduría General de la Nación (n.d), Sistema de Información de Registro de Sanciones y Causas Inhabilidad – SIRI, <http://www.anticorrupcion.gov.co/Paginas/indicador-sanciones-disciplinarias.aspx>, accessed September 2019; Federación Colombiana de Municipios (2015), A través de la estrategia elijo saber se capacitará a ciudadanos de todo el país, <https://www.fcm.org.co/?p=2984>, accessed September 2019.

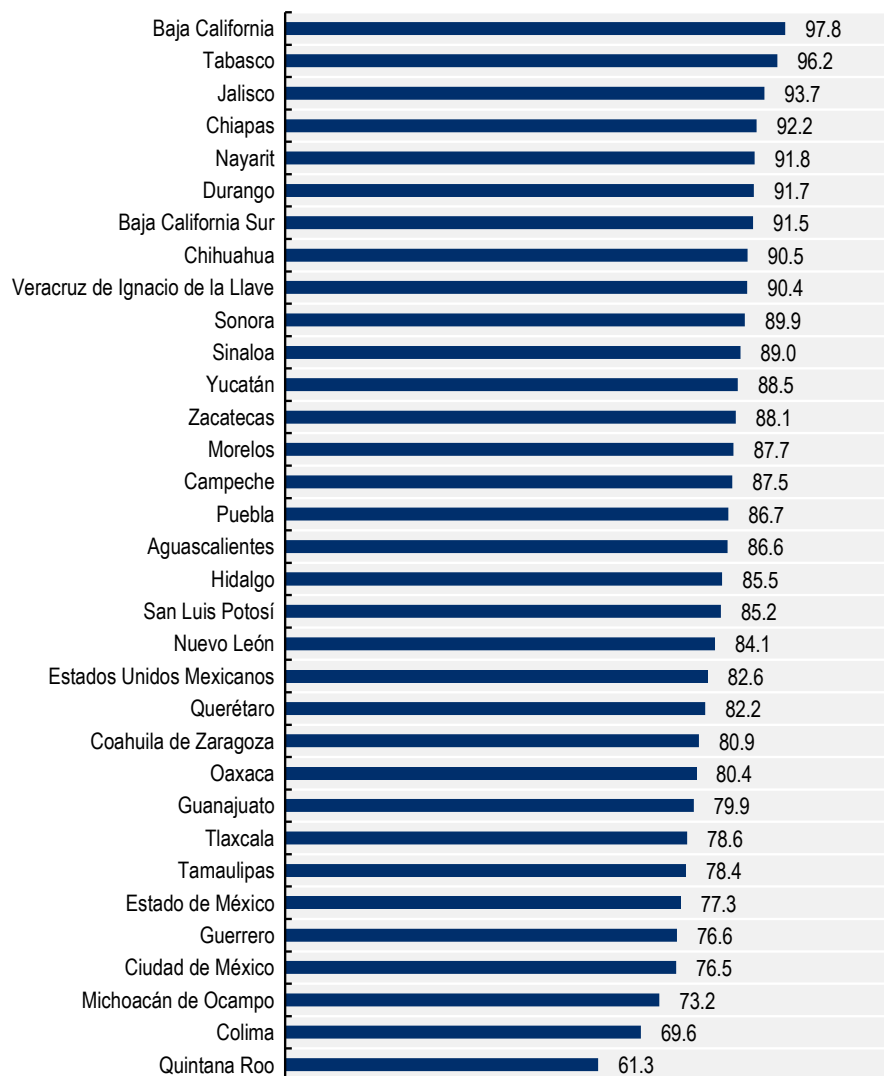
## Strengthening the framework to encourage reporting of acts of corruption and guarantee whistleblowers’ protection

### ***The majority of surveyed citizens perceive that reporting misconduct is useless and a waste of time***

According to the last National Survey of Quality and Impact of Government by INEGI, on average 82.6% of citizens who are victims of acts of corruption in Mexico do not report them. In the case of the State of Mexico, although the non-reporting rate of the state is slightly below the national average, it is still considerably high (77.3%) (Figure 3.2).



**Figure 3.2. Percentage of the population who suffered an act of corruption in Mexico and DID NOT report it, by state**

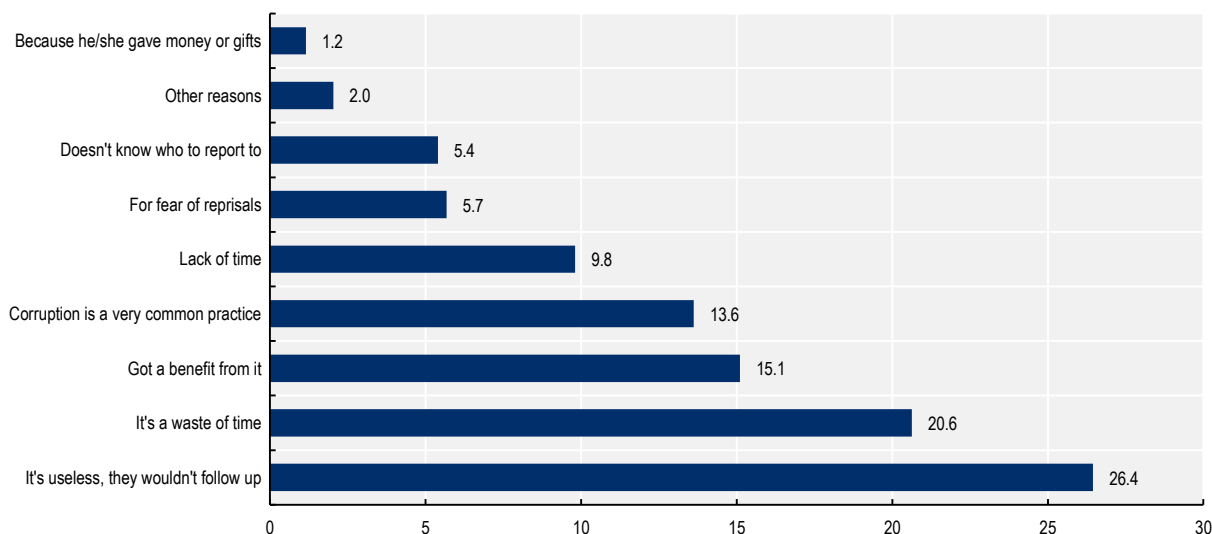


Note: The surveyed population includes citizens at least 18 years old living in urban areas of at least one hundred thousand inhabitants.

Source: INEGI (2017), National Survey of Quality and Impact of Government, <https://www.inegi.org.mx/programas/encig/2017/> (accessed September 2019).

Based on another question of the National Survey of Quality and Impact of Government 2017, it is possible to identify some of the reasons why victims of acts of corruption in Mexico did not make the corresponding complaint to the authorities. From the people who did not report, about half did not do so because they considered it was a useless action or a waste of time, while 15% did not report because they benefited from the act and 14% because they considered corruption as a common practice (see Figure 3.3). Interestingly, only 5.7% do not report out of fear of reprisals and only 5.4% say they would not know who to report to. Nonetheless, given the context of organised crime activities, especially in some municipalities, and according to interviews conducted in the State of Mexico, “fear” as a motivation for not reporting should not be ruled out. This is particularly so since the survey results apply to petty corrupt practices, where citizens became victims of bribery, not to bigger corruption schemes where organised crime may be directly involved or used as a mediator and enforcement device (Vannucci, 2002<sup>[20]</sup>; Boehm and Lambsdorff, 2009<sup>[21]</sup>).

**Figure 3.3. Reasons why victims of acts of corruption in Mexico did not report it, percentage by motive**



Note: The surveyed population includes citizens at least 18 years old living in urban areas of at least one hundred thousand inhabitants.

Source: INEGI (2017), National Survey of Quality and Impact of Government, <https://www.inegi.org.mx/programas/encig/2017/> (accessed September 2019).

Unfortunately, there is no similar survey evidence from public employees. However, such evidence could be gathered by the State of Mexico in the context of a staff survey as recommended below. In this context of weak reporting culture and little credibility in public institutions, it is necessary that the State of Mexico strengthens its whistleblowing arrangements, as one of the core instruments of the integrity management framework, in order to foster integrity and prevent violations (OECD, 2009<sup>[7]</sup>).

### ***The State of Mexico could strengthen whistleblower protection by establishing specific protections against reprisals after reporting misconduct***

The first essential element in creating an open organisational culture in public organisations is to set up the right conditions for public officials to freely discuss ethical dilemmas, public integrity concerns and errors. The protection of whistleblowers who report public servants' misconduct is an important component of any integrity system. To encourage the reporting of irregular behaviours and acts of corruption, it is essential to build visible support within the organisations, as well as a safe environment for whistleblowers. Offering clear guidelines for making complaints and ensuring that whistleblowers are protected from any type of reprisal, such as intimidation, violence, harassment or even dismissal, are necessary efforts to safeguard the public interest over any personal loyalties and promote a culture of public integrity.

In the State of Mexico, public servants and any citizen can use different channels to report acts of corruption and misconduct. Public servants or any individual can disclose misconduct, even anonymously through the State of Mexico Attention System (*Sistema de Atención Mexiquense*, SAM), managed by SECOGEM. SAM is an electronic platform for the filing of complaints, suggestions or acknowledgments in relation to procedures, public services or public servants of the ministries and auxiliary agencies of the Executive Power of the State of Mexico.

In addition, public servants and individuals can submit any complaint founded on a breach of the Code of Ethics, as well as the Codes of Conduct and the Rules of Integrity to the Ethics Committees. It is an obligation of the Committee to receive the reports and send them to the authority responsible for investigation. The Ethics Committees of the public institutions of the State of Mexico can access the

Accusations System (*Sistema de Delaciones*) linked to SAM to directly register the complaints, suggestions and acknowledgments received. During 2021, SECOGEM will issue a protocol that details the procedures that the Ethics Committees have to follow for the reception, registration and processing of complaints, suggestions and acknowledgments.

This protocol also establishes that all members of the Ethics Committees must sign a confidentiality clause regarding the handling of the information to which they have access to, in order to safeguard the confidentiality and the anonymity of complainants. It also informs about the possibility of any complainant to remain anonymous, taking into account the provisions of the Law of Transparency and Access to Public Information of the State of Mexico and Municipalities (*Ley de Transparencia y Acceso a la Información Pública del Estado de México y Municipios*) and the Law for the Protection of Personal Data in Possession of Obligated Subjects of the State of Mexico and Municipalities (*Ley de Protección de Datos Personales en Posesión de Sujetos Obligados del Estado de México y Municipios*).

However, as emphasised in Chapter 1, and similar to other OECD countries, the State of Mexico should consider amending the regulations and emphasise that the Ethics Committees can advise potential whistleblowers with respect to their rights and reporting channels, but should not themselves receive reports.

In addition, although complaints can be anonymous, the State of Mexico does not offer additional protection if the identity of the whistleblower is eventually disclosed. In this sense, the State of Mexico could consider modifying the legal framework to specifically prohibit work-related reprisals, such as dismissal without a cause of both public and private sector whistleblowers and the revocation of a whistleblowers' contract. These protections should be guaranteed, even if the whistleblower reports do not result in criminal proceedings, but in administrative investigation. Whistleblowers will be more likely to report relevant facts if they know they will be protected, regardless of the authorities' decisions to investigate and sanction the individuals the report refers to.

The State of Mexico could consider establishing comprehensive regulations on the protection of public servants and citizens who report acts of corruption. These procedures should guide the actions of public servants and individuals who witness acts of corruption by clearly indicating to whom they should go internally, to which institution they can go externally, what channels are available for them to do the report and the protections offered by law after reporting.

When defining the scope of protected disclosures, countries should seek balance by avoiding making the scope too detailed or too broad (OECD, 2016<sup>[22]</sup>). An overly detailed approach may allow for too many discretionary choices and become an impediment for those who do not have detailed knowledge of relevant legal provisions. On the other hand, a broad approach may be too vague and discourage people from speaking out openly within the organisation. To help make the scope of the application of the whistleblowing law more easily comprehensible, the State of Mexico could revise its legal framework. A more balanced approach to defining protected disclosures could be to provide a definition that is clear, comprehensive and also detailed, as set out in the United Kingdom's legislation (see Box 3.12).

### Box 3.12. The United Kingdom's definition of the scope of protected disclosure

#### Disclosures qualifying for protection

(1) In this Part a “qualifying disclosure” means any disclosure of information which, in the reasonable belief of the worker making the disclosure, tends to show one or more of the following:

- (a) that a criminal offence has been committed, is being committed or is likely to be committed,
- (b) that a person has failed, is failing or is likely to fail to comply with any legal obligation to which he is subject,
- (c) that a miscarriage of justice has occurred, is occurring or is likely to occur,
- (d) that the health or safety of any individual has been, is being or is likely to be endangered,
- (e) that the environment has been, is being or is likely to be damaged, or
- (f) that information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.

(2) For the purposes of subsection (1), it is immaterial whether the relevant failure occurred, occurs or would occur in the United Kingdom or elsewhere, and whether the law applying to it is that of the United Kingdom or of any other country or territory.

(3) A disclosure of information is not a qualifying disclosure if the person making the disclosure commits an offence by making it.

(4) A disclosure of information in respect of which a claim to legal professional privilege (or, in Scotland, to confidentiality as between client and professional legal adviser) could be maintained in legal proceedings is not a qualifying disclosure if it is made by a person to whom the information had been disclosed in the course of obtaining legal advice.

(5) In this Part “the relevant failure”, in relation to a qualifying disclosure, means the matter falling within paragraphs (a) to (f) of subsection (1).

Source: United Kingdom (1998), UK Public Interest Disclosure Act, Article 1.

Finally, information campaigns through different channels could be implemented to ensure that public officials and individuals are fully aware of whom they can contact if they decide to report misconduct and of the protections available for them if they do so. The availability of channels is not sufficient to encourage reporting. Instead, the process should be accompanied by clear guidelines and explanations of the procedures in order to ensure that whistleblowers are well informed, minimising the negative incentives to remain silent.

## Maximising the usefulness of tax, assets and interests declarations

### ***An effective verification of the information registered by public servants in their tax, assets and interests declarations could allow a better detection of potential conflict-of-interest situations and illicit enrichment***

The Law of Administrative Responsibilities of the State of Mexico and Municipalities contains provisions related to the disclosure of both financial and non-financial interests. While related, this requirement, focusing on static disclosure through a form, should not be equalled with the need to dynamically manage

ad hoc conflict of interest situations, as emphasised above. Specifically, Chapter 3 of the Law requires that all state and municipal public servants submit three types of disclosure forms: tax, asset and interests declarations (see Table 3.4). All three declarations must be electronically submitted. If a municipality does not have the technologies needed for filling the electronic forms, printed formats can be used; in those cases, the internal control bodies are responsible for their digitalisation in the corresponding systems (evolution of assets system, declaration of interests and presentation of proof of tax declaration). However, this alternative way was not necessary anymore in 2020.

**Table 3.4. Summary of disclosure requirements under the Law of Administrative Responsibilities of the State of Mexico and Municipalities**

Disclosure form	Requirements for all public officials
Asset declaration ( <i>Declaración de situación patrimonial</i> )	Article 34 of the Law requires public officials to submit the declaration: 1) upon joining the public service for the first time or re-joining, if more than 60 days have passed since having left ( <i>declaración inicial</i> ); 2) during May of each year to report any modifications ( <i>declaración de modificación patrimonial</i> ); and 3) within 60 days of leaving the public service ( <i>declaración de conclusión</i> ).
Interests declaration ( <i>Declaración de intereses</i> )	Interests declarations must be submitted in the same cases and conditions as the asset declaration. It should also be submitted in any situation in which public servants consider that they could be facing a possible conflict of interests.
Tax declaration ( <i>Declaración fiscal</i> )	Public officials are required to submit their tax declarations annually.

Source: OECD, based on the Law of Administrative Responsibilities of the State of Mexico and Municipalities.

International experience has demonstrated that knowing that someone verifies the content of the declarations may encourage public servants to comply with disclosure requirements and deter declarants from intentionally failing to declare information or making false statements (Rossi, Pop and Berger, 2017<sup>[23]</sup>). However, checking the content of all the declarations filed might be too expensive and time consuming. This is why countries have opted for various strategies and use technology to carry out verifications of the asset and interest declarations (see Table 3.5).

**Table 3.5. Types of verification checks on asset and interest declarations**

Type of verification check	Description
Basic/preliminary verification	Ensures whether declarations are complete, or whether there are obvious mistakes (i.e. numerical values entered, valid addresses, etc.)
Simple verification	Ensures the logical consistency of the information provided in the declaration forms (i.e. arithmetical checks, checks on past years or modifications, and checks that assets are accounted for by declared income). Simple verifications can spot potential or real conflicts of interest and can lead to audits.
Audit verification	This most advanced stage of verification may not only crosscheck information from past declarations but also compare them with "external" data sources from financial or other public institutions. An auditor may validate the existence/value of assets; assess lifestyle, and request proof and testimony from public officials and others.

Source: (OECD, 2017<sup>[17]</sup>).

In the State of Mexico, under the Law of Administrative Responsibilities of the State of Mexico and Municipalities, SECOGEM and the internal control bodies are encouraged to carry out a random verification of the asset declarations, the interest declarations and the proof of presentation of the fiscal declarations. If there is no obvious anomaly or inconsistency, SECOGEM and the internal control bodies issue a certification that will be registered in the corresponding system. Otherwise, the corresponding investigation can be initiated.

In addition, Article 37 of the Law establishes that SECOGEM and the internal control bodies might carry out investigations or audits to verify the evolution of the assets declared by public servants. In cases in which the asset declaration reflects an increase in the public servant's assets that cannot be explained or justified by the remuneration as a public servant, SECOGEM and the internal control bodies will request clarification about the origin of the resources. If it is not justified, they have to file a report to the corresponding Attorney General.

To carry out these functions, SECOGEM may sign agreements with different authorities that have available data, information or documents that can be used to verify the information declared by public servants, such as the Tax Administration Service (*Servicio de Administración Tributaria*, SAT) or the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, CNBV). Ideally, these crosschecks would be automatic, ensuring that databases are compatible and can communicate directly with each other.

Moreover, to allow for social control, asset and interests declarations would need to be made publicly available, ideally in an open and re-usable data format. Exceptions could be made for the items for which publicity may affect private life or personal data protected by federal and local regulations. These actions seek to promote accountability and citizen participation in the public servants' oversight process, as well as build greater trust in government.

In the State of Mexico, the compliance with the requirement to submit the declarations is very high, reaching 99.6%, including from municipalities. In 2019, a number of 132 008 declarations were received and in 2020, 180 078. Nonetheless, despite verifications, not a single case of illicit enrichment has been detected through these declarations; some declarations (377 in 2019) have not been submitted on time, but it was not necessary to apply sanctions for this.

### ***The State of Mexico should consider following a risk-based approach in defining the scope of who needs to declare***

The current disclosure of assets and interests in the State of Mexico, like the requirement of the General Law on Administrative Responsibilities (*Ley General de Responsabilidades Administrativas*, LGRA), is far more extensive than the ones that are usually applied in OECD member countries, since they apply to all levels and grades of public servants (OECD, 2017<sup>[17]</sup>).

Various factors are problematic with such a broad coverage, such as the impossibility of properly managing and above all, as mentioned above, effectively verifying, the information contained in these declarations. Indeed, no cases of illicit enrichment have been detected through the declarations. In addition, as discussed above, managing conflict of interest requires a more dynamic approach, raising awareness, guiding and providing advice to public employees. Perhaps most importantly, however, requiring a declaration to be filled out by all public employees may have a negative impact on the morale of public servants and the goal of achieving a culture of integrity. Similar to the situation at the federal level and in other federal states in Mexico, it signals distrust and may affect the possibility of recruiting or retaining top talent.

Therefore, the State of Mexico could initiate a dialogue with the Federal Government and Congress to promote amendments to the LGRA, in line with OECD good practice (Box 3.13) and identify, based on criteria inspired by risk assessments, the public officials that are required to submit declarations of assets and interests:

- based on the hierarchy within the executive (for example, all officials at the director level and above)
- based on their position (minister, deputy minister, director and so on)
- based on the duties and functions they exercise (administrative decision making, granting contracts, public procurement, tax inspection, etc.)
- based on the risk of corruption of the activities in which they are involved (filers based upon their role and the risk they could become involved in corrupt activity involving building licences, infrastructure contracts, customs, etc.)
- based on the fact that they are classified as a politically exposed person (PEP), according to the Financial Action Task Force on Money Laundering.

### Box 3.13. The financial and interest disclosure system in France

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 declarations. As a consequence of various scandals, the Higher Authority for Transparency in Public Life (*Haute Autorité pour la transparence de la vie publique*, 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.

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 estate property, movable property (e.g. financial assets, life insurance, bank accounts, vehicles), and any existing borrowing and financial debt. 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 specific 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.

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

## Towards evidence-informed integrity policies

### ***SECOGEM could consider expanding the surveys applied to its own officials to other ministries and auxiliary agencies of the State***

Designing, monitoring and evaluating integrity policies requires information. Administrative data, which is data collected for administrative purposes by government units, can provide relevant insights, but to understand the challenges related to integrity better and to get information on how citizens, the private sector and public officials perceive and experience issues related to public integrity, administrative data needs to be complemented by surveys.

In Mexico, INEGI carries out different household surveys and national census that offer information at national, regional, state and municipal level about social, political and economic issues, as well as on the perception of citizens in different matters. Under the *Government* theme, it is possible to find different indicators related to transparency and anticorruption issues. Specifically, the National Survey of Quality and Impact of Government (*Encuesta Nacional de Calidad e Impacto Gubernamental*), which is conducted every two years since 2011, offers information about the relationship of Mexican citizens with public authorities through procedures, payments, public services and others. In addition to providing information at the national level, it also offers statistics by region and state. Among its indicators, there is information related to experiences of corruption and reporting by citizens, which could be useful for the State of Mexico to identify possible weaknesses and improvement actions in the fight against corruption. In addition, INEGI, in its National Census of Municipal and Delegation Governments, offers information about penalties to public servants according to the type of behaviour. This information could also be useful to strengthen the fight against corruption.

On top of citizen surveys, staff surveys can also inform integrity policies. They support the assessment of public officials' integrity capacities and risks and allow identifying the values and challenges that affect public officials in their choices. Policy makers are interested to find out whether policies resonate with public employees, change their attitudes and behaviours and serve the policy goal of ensuring a culture of integrity in the public sector. Staff surveys could further support the diagnostic assessment preceding the design of integrity policies. In fact, many OECD member countries monitor their integrity policies using employee survey polls. In the Netherlands, for example, a comprehensive staff survey is at the core of agenda setting for future integrity policies (see Box 3.14).

#### **Box 3.14. Integrity Monitor in the Dutch public administration**

Since 2004, the Dutch Ministry of the Interior regularly observes the state of integrity in the Dutch public sector. To this end, political office holders, secretaries-general, directors and civil servants are surveyed in central government, provinces and municipalities using mixed methods, including large-sample online surveys and in-depth interviews.

The Integrity Monitor supports Dutch policy makers in the design, implementation and communication of integrity policies. The results of each Monitor are reported to Parliament. The Ministry of Interior uses the Monitor to raise ethical awareness, detect implementation gaps and engage decentralised public administration in taking responsibility for integrity regulations. Insights from past Monitor waves have helped to identify priorities for anti-corruption efforts and shift integrity policies from prohibition to creating an organisational culture of integrity.

Source: Presentation by Marja van der Werf (Dutch Ministry of Interior and Kingdom Relations) given at the meeting of the OECD Working Party of Senior Public Integrity Officials (28 March 2017, Paris). Lamboo T. & De Jong, J. (2015): Monitoring Integrity. The development of an integral integrity monitor for public administration in the Netherlands. In Hoekstra, A. & Huberts, L. Gaisbauer, I. (eds.), 'Integrity Management in the Public Sector. The Dutch Approach'.



A centrally administered public sector staff survey touching upon various aspects of public employment has the advantage that answers can be correlated and compared across entities. In the United Kingdom, the Civil Service People Survey yearly interviews almost 300 000 respondents from 98 organisations. Among the various aspects covered by the survey are employee engagement, trust in leadership and fair treatment. The repetition of the same questions in regular intervals enables comparisons over time. Positive responses to the question “Are you confident that if you raise a concern under the Civil Service Code in [your organisation] it would be investigated properly?”, for example, have been increasing from 58% in 2009 to 70% in 2017 – potentially indicating success of UK integrity policies. In Colombia, similar information is collected by the National Statistics Office (*Departamento Administrativo Nacional de Estadística*, or DANE), which carries out an annual Survey on National Institutional Environment and Performance. The survey entails a section on “irregular practices”, which includes questions on the effectiveness of specific integrity initiatives. Overall, 19 OECD countries conduct centrally administrated staff surveys across the central public administration; many of them include questions on integrity (OECD, 2017<sup>[24]</sup>).

In the State of Mexico, the Ethics Committees, as part of their Annual Work Programme, carry out an annual evaluation of the Code of Ethics, Code of Conduct and Integrity Rules. The evaluation is designed to be applied to all public servants of the Government of the State of Mexico and detects areas of opportunity for strengthening the dissemination of these ethical instruments. The evaluation is carried out through the System of Ethics Committees (*Sistema de los Comités de Ética*, SICOE). SECOGEM has conducted two surveys to measure the perceptions and level of knowledge of its public servants regarding work environment and non-discrimination issues and the Code of Conduct. Through these surveys, more than 750 evaluations were collected, which has allowed the ministry to compile relevant and new information for decision-making processes.

Following this good practice and in order to expand the information from INEGI with public servants' perceptions, SECOGEM could consider extending the surveys applied to its public officials to all ministries and auxiliary agencies of the State of Mexico, including municipalities. Furthermore, the Government of the State of Mexico could leverage on the annual evaluation of the Code of Ethics, the codes of conduct and the Integrity Rules, applied by the ethics committees as part of their annual programmes of work, to get to know how familiar the public servants are with the values and principles of the public service. This information is essential to define the degree of knowledge about ethical standards in the State, which will also allow authorities to design and implement new awareness-raising activities for the rules of integrity.

Moreover, this information could be used to carry out an update of the public integrity framework by incorporating some of the main concerns and expectations of public servants. Officials' perceptions could be used as inputs for the revision and improvement of the integrity rules leading to a better understanding and a stronger feeling of ownership of the ethical standards in the State of Mexico (OECD, 2009<sup>[7]</sup>).

## Proposals for action

### Setting high standards for integrity in the State of Mexico

- The State of Mexico could identify, in participative manner, 5 to 7 core values that public officials consider as most relevant, with which they identify and to which they want to aspire. To do so, the State of Mexico could initiate a process to simplify the values contained in the current Code of Ethics and thereby enhance its clarity and practical relevance while remaining aligned with the existing legal provisions.
- The State of Mexico should consider an increased emphasis in promoting and supporting public ethics in municipalities. To reach out to the municipal level, the State of Mexico could consider involving municipalities in the identification of the core values and aim at one single set of values for the state and municipal governments.
- SECOGEM should ensure that more emphasis is put on managing conflict of interest. The Codes of Conduct and Integrity Rules should give a more prominent place to this issue in the context of the respective organisation. In particular, the State of Mexico could consider setting a broader cooling-off standard that allows preventing possible situations of conflict of interest, not necessarily associated with hiring former public servants.
- The Codes of Conduct could elaborate further on the agreement establishing the dispositions for receiving, registering and disposing of gifts and could consider applying lessons from behavioural insights to make reminders to report gifts to the registry more effective.
- The current guidelines to elaborate the codes of conduct could encourage explicitly that the codes of conduct should remain living documents to be regularly updated, in line with emerging risks, and discussed amongst the employees of the organisation, steered by the Ethics Committees. For instance, employees could be encouraged to propose changes on a continuous basis.
- SECOGEM could consider encouraging an active role of external stakeholders, such as users of public services and private suppliers of goods and services, in the process of elaborating or updating the Codes of Conduct and Integrity Rules.

### Ensuring that standards translate into practice and behavioural change

- The Corruption Prevention Unit (*Unidad de Prevención de la Corrupción*) of SECOGEM could consider developing additional guidance material aimed at clarifying the concepts and their practical implications.
- The Ethics Committees, especially if transformed into Integrity Units, as recommended in Chapter 1, could play a key role providing advice to public employees in managing conflict of interest and could combine information obtained through already completed integrity risk assessments and through engaging and motivating public employees to share examples of conflict-of-interest situations.
  - Doing so, an organisation could develop a clear and concrete picture of the ‘at-risk’ areas, processes or positions that are particularly prone to potential conflict of interest situations and develop specific guidance and implement measures to address them, while reducing the stigma often associated with conflict of interest situations.
  - The Corruption Prevention Unit could provide support to the Ethics Committees in carrying out this guidance on managing conflict of interest tailored to the specificities of the corresponding organisation.

- The strengthened Ethics Committees could play a key role in providing public employees a safe haven to voice concerns and raise doubts. To be able to fulfil this function, at least one public official needs to be trained as an ethical advisor. The existence of this position needs to be clearly communicated to the staff and ideally remains the same over time, so the ethical advisor can build trust within the organisation.
- The State of Mexico could diversify specific trainings on integrity and ethics for public servants, emphasising the practical implications, beyond mere legal compliance.
  - Together with the Institute of Professionalisation of the Public Servants of the Executive Branch of the Government of the State of Mexico, SECOGEM could develop a basic integrity online course, mandatory for all public employees, including the employees that are freely appointed (“confianza”).
  - The State of Mexico could complement an online course with more in-depth and specific capacity building courses, developed by the reformed integrity units with support of the Corruption Prevention Unit and the Institute for the Professionalisation of Public Servants of the Executive Branch of the State of Mexico and targeted to three groups:
    - public officials working in at-risk areas, for instance, procurement officials, auditors, public officials directly dealing with user-oriented services, such as licencing or permits;
    - public officials with responsibility to manage staff, to reinforce their function as ethical role model; and
    - public officials working in the Ethics Committees, or the reformed integrity unit as recommended in Chapter 1, to ensure that these units have the capacities to correctly address the concerns brought to them.
  - These targeted in-depth trainings could in particular develop skills on how to address ethical dilemmas and conflict of interest situations and should be mandatory for the identified public employees and require that the training is periodically repeated (e.g. every two years).
- The State of Mexico could also implement new initiatives to communicate integrity rules in public organisations. The use of regular small reminders of appropriate behaviour could allow the internalisation of social norms and the construction of a collective idea about the type of behaviour that is socially undesirable. The Corruption Prevention Unit, together with Ethics Committees, could therefore review processes and procedures for the possibility of inserting timely moral reminders.
- The ethical leadership and management skills at the intermediate management levels could be reinforced.
  - First, integrity could be part of the skills required in the hiring process of public managers and in their performance evaluations
  - Second, public managers with responsibility for managing staff should receive training aimed at raising awareness concerning their responsibility in managing conflict of interest and providing advice in case their subordinated staff are faced with doubts or ethical dilemmas.
- Involving the municipalities in the selection of a few values to develop practical tools could provide a good entry point to promote a discussion about the values and principles that should guide local administrations. Building on that, municipalities could be supported by the Corruption Prevention Unit in developing their own municipal Codes of Conduct, which would be the instrument to take into account local risks and contextual factors.
- The State of Mexico could consider implementing a capacity-building programme for elected officials on public administration, including integrity management.

### **Strengthening the framework to encourage reporting of acts of corruption and guarantee whistleblowers' protection**

- The State of Mexico should emphasise that the Ethics Committees can advise potential whistleblowers with respect to their rights and reporting channels but should not themselves receive reports.
- The State of Mexico could consider establishing comprehensive regulations on the protection of public servants and citizens who report acts of corruption. In particular, it could consider modifying the legal framework to specifically prohibit work-related reprisals, such as dismissal without a cause of both public and private sector whistleblowers and the revocation of a whistleblowers' contract. These protections should be guaranteed, even if the whistleblower reports do not result in criminal proceedings, but in administrative investigation.
- The State of Mexico could revise its legal framework to make the scope of the application of the whistleblowing law more easily comprehensible. In particular, the definition of the protected disclosures should be balanced, clear, comprehensive and also detailed.
- Information campaigns through different channels could be implemented to ensure that public officials and individuals are fully aware of whom they can contact if they decide to report misconduct and of the protections available for them if they do so.

### **Maximising the usefulness of tax, assets and interests declarations**

- SECOGEM may sign agreements with different authorities that have available data, information or documents that can be used to verify the information declared by public servants, such as the SAT or the CNBV. Ideally, these crosschecks would be automatic, ensuring that databases are compatible and can communicate directly with each other.
- To allow for social control, asset and interests declarations would need to be made publicly available, ideally in an open and re-usable data format. Exceptions could be made for the items for which publicity may affect private life or personal data protected by federal and local regulations.
- The State of Mexico could initiate a dialogue with the Federal Government and Congress to promote amendments to the LGRA, in line with OECD good practice, and identify, based on criteria inspired by risk assessments, the public officials that are required to submit declarations of assets and interests.

### **Towards evidence-informed integrity policies**

- SECOGEM could consider extending the surveys applied to its public officials to all ministries and auxiliary agencies of the State of Mexico, including municipalities. With the purpose of getting to know how familiar the public servants are with the values and principles of the public service. In particular, SECOGEM could design surveys regarding the Code of Ethics, management of conflict of interest situations and Ethics Committees, amongst others. This information could be used to regularly carry out an update of the public integrity framework by incorporating some of the main concerns and expectations of public servants.

## References

- Basel Institute on Governance (2018), *Guía para la implementación participativa de un Código de Conducta*, [http://gfpsubnacional.pe/wp-content/uploads/2018/12/Fortaleciendo-la-Gesti%C3%B3n-Descentraliza\\_final.pdf](http://gfpsubnacional.pe/wp-content/uploads/2018/12/Fortaleciendo-la-Gesti%C3%B3n-Descentraliza_final.pdf). [19]
- Boehm, F. and J. Lambsdorff (2009), “Corrupción y anticorrupción: Una perspectiva neo-institucional”, *Revista de Economía Institucional*, Vol. 11/21, pp. 45-72, <http://dialnet.unirioja.es/download/articulo/3099415.pdf> (accessed on 29 December 2014). [21]
- Fellner, G., R. Sausgruber and C. Traxler (2013), “Testing enforcement strategies in the field: Threat, moral appeal and social information”, *Journal of the European Economic Association*, Vol. 11/3, pp. 634-660, <http://dx.doi.org/10.1111/jeea.12013>. [11]
- Gilman, S. (2005), “Ethics Codes and Codes of Conduct as Tools for promoting an Ethical and Professional Public Service: Comparative Successes and Lessons”, World Bank, Washington D.C. [14]
- Hanna, R., V. Crittenden and W. Crittenden (2013), “Social Learning Theory: A Multicultural Study of Influences on Ethical Behavior”, *Journal of Marketing Education*, Vol. 35/1, pp. 18-25, <http://dx.doi.org/10.1177/0273475312474279>. [16]
- INEGI (2017), *National Survey of Quality and Impact of Government*, <https://www.inegi.org.mx/programas/encig/2017/> (accessed on September 2019). [2]
- Lewis, C. and S. Gilman (2005), *The ethics challenge in public service: a problem-solving guide*, John Wiley & Sons, Inc, [https://www.academia.edu/33471776/THE\\_ETHICS\\_CHALLENGE\\_IN\\_PUBLIC\\_SERVICE\\_A\\_Problem\\_Solving\\_Guide\\_SECOND\\_EDITION](https://www.academia.edu/33471776/THE_ETHICS_CHALLENGE_IN_PUBLIC_SERVICE_A_Problem_Solving_Guide_SECOND_EDITION) (accessed on 5 January 2015). [13]
- Mazar, N. and D. Ariely (2006), “Dishonesty in Everyday Life and Its Policy Implications”, *Source Journal of Public Policy & Marketing*, Vol. 25/1, pp. 117-126, <http://www.jstor.org/stable/30000530>. [15]
- Miller, G. (1955), “The Magical Number Seven, Plus or Minus Two Some Limits on Our Capacity for Processing Information”, *Psychological Review*, Vol. 101/2, pp. 343-352, <http://www.psych.utoronto.ca/users/peterson/psy430s2001/Miller%20GA%20Magical%20Seven%20Psych%20Review%201955.pdf> (accessed on 24 January 2018). [5]
- OECD (2020), *OECD Public Integrity Handbook*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/ac8ed8e8-en>. [8]
- OECD (2019), *OECD Integrity Review of Argentina: Achieving Systemic and Sustained Change*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://dx.doi.org/10.1787/g2g98ec3-en>. [12]
- OECD (2018), *Behavioural Insights for Public Integrity: Harnessing the Human Factor to Counter Corruption*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264297067-en>. [4]
- OECD (2018), *OECD Integrity Review of Nuevo León, Mexico: Sustaining Integrity Reforms*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264284463-en>. [6]

- OECD (2017), "Employee surveys", in *Government at a Glance 2017*, OECD Publishing, Paris, [24]  
[https://dx.doi.org/10.1787/gov\\_glance-2017-50-en](https://dx.doi.org/10.1787/gov_glance-2017-50-en).
- OECD (2017), *OECD Integrity Review of Coahuila, Mexico: Restoring Trust through an Integrity System*, OECD Public Governance Reviews, OECD Publishing, Paris, [18]  
<https://dx.doi.org/10.1787/9789264283091-en>.
- OECD (2017), *OECD Integrity Review of Mexico: Taking a Stronger Stance Against Corruption*, OECD Public Governance Reviews, OECD Publishing, Paris, [17]  
<https://dx.doi.org/10.1787/9789264273207-en>.
- OECD (2017), *OECD Recommendation of the Council on Public Integrity*, OECD, Paris, [3]  
<http://www.oecd.org/gov/ethics/Recommendation-Public-Integrity.pdf>.
- OECD (2017), *Preventing Policy Capture: Integrity in Public Decision Making*, OECD Public Governance Reviews, OECD Publishing, Paris, [10]  
<https://dx.doi.org/10.1787/9789264065239-en>.
- OECD (2017), *Trust and Public Policy: How Better Governance Can Help Rebuild Public Trust*, OECD Public Governance Reviews, OECD Publishing, Paris, [1]  
<https://dx.doi.org/10.1787/9789264268920-en>.
- OECD (2016), *Committing to Effective Whistleblower Protection*, OECD Publishing, Paris, [22]  
<https://dx.doi.org/10.1787/9789264252639-en>.
- OECD (2009), *Towards a Sound Integrity Framework: Instruments, Processes, Structures and Conditions for Implementation*, (GOV/PGC/GF(2009)1), OECD, Paris. [7]
- Rossi, I., L. Pop and T. Berger (2017), *Getting the Full Picture on Public Officials: A How-to Guide for Effective Financial Disclosure*, World Bank, Washington DC, [23]  
<http://dx.doi.org/10.1596/978-1-4648-0953-8>.
- Transparency International (2015), "Cooling-off Periods: Regulating the Revolving Door", [9]  
[https://knowledgehub.transparency.org/assets/uploads/helpdesk/Cooling\\_off\\_periods\\_regulating\\_the\\_revolving\\_door\\_2015.pdf](https://knowledgehub.transparency.org/assets/uploads/helpdesk/Cooling_off_periods_regulating_the_revolving_door_2015.pdf) (accessed on 9 March 2018).
- Vannucci, A. (2002), "The governance mechanisms of corrupt transactions Donatella della Porta and Alberto". [20]

# **4 Strengthening the internal control model and the effective implementation of risk management in the State of Mexico**

---

This chapter assesses the internal control and risk management scheme of the State of Mexico. It provides an overview of the strong and weak points of the internal control and risk management scheme of the State of Mexico and introduces proposals of action indicating how they could be reinforced. Proposals include implementing actions for control and risk ownership by public officials, reaching a higher level of implementation of the internal control system in the institutions, providing strategic information of control for decision making, using data and technology for control, and strengthening the internal auditing function and personnel.

---

Two main challenges that the State of Mexico admits to be facing when implementing integrity reforms in the short and medium terms are incorporating the prevention of corruption in the political agenda and recovering citizen trust. Internal control and risk management, including fraud and corruption, are mechanisms of utmost importance for prevention by public officials themselves. On the other hand, the citizen trust is encouraged through examples at the highest level, participation spaces, and promoting a transparency culture.

However, it is necessary to make greater efforts to build trust in the capacity of the State of Mexico to prevent and tackle corruption. These actions would include strengthening the process of implementation and development of the internal control system in ministries and auxiliary agencies, and in the municipalities of the State, and ensuring accountability through a robust internal control and risk management scheme.

An effective internal control and risk management scheme is essential in the public sector's administration to safeguard integrity, enable effective accountability, and prevent corruption. Principle 10 of OECD *Recommendation of the Council on Public Integrity* (OECD, 2017<sup>[1]</sup>) proposes the establishment of an internal control and risk management scheme that includes:

- A control environment with clear objectives that demonstrate managers' commitment to public integrity and public-service values, and that provides a reasonable level of assurance of an organisation's efficiency, performance and compliance with laws and practices.
- A strategic approach to risk management that includes assessing risks to public integrity, addressing control weaknesses as well as building an efficient monitoring and quality assurance mechanism for the risk management system.
- Control mechanisms that are coherent and include clear procedures for responding to credible suspicions of violations of laws and regulations, and facilitating reporting to the competent authorities without fear of reprisal.

Concerning internal control and risk management, the Government of the State of Mexico has taken important measures to demonstrate its commitment to encouraging public integrity. The Anti-corruption System of the State of Mexico and Municipalities (SAEMM) is currently under implementation, and the regulation to implement an internal control committed to public integrity has been promptly issued (see Chapter 1). However, more could be done to increase the control culture and implement risk management in the state and municipal administrations.

## Setting specific objectives for an effective control system

***The State of Mexico should improve the efforts to develop a regulatory framework that is the basis of everyday and real compliance with internal control***

The State of Mexico has a solid regulatory framework to promote an appropriate control environment oriented to public integrity. The Standard Model of Internal Control (*Modelo Estándar de Control Interno*) sets the goal for internal control to provide reasonable assurance in achieving objectives and goals of the institution within the categories of operation, information, compliance and safeguard. It also notes that the control environment is the foundation that provides discipline and structure in order to achieve an effective internal control system and provides that the head, the administration and the government body, as the case may be, should keep a control environment that supports control by displaying an attitude of support and commitment, exercising the surveillance responsibility, setting up structure, liability and authority, demonstrating commitment with professional competence and establishing the structure for accountability. The State of Mexico also has legal standards and plans in a series of fundamental matters for the control



environment, such as the development goals, administrative responsibility, ethical and behavioral obligations, and financial control, among others.

A control environment must, in addition to being built formally, facilitate a real control environment. It is one of the challenges that public institutions and States face. Latin America has a long tradition of legal rules and formalities throughout its history, which usually do not go hand in hand with coherence between the regulatory and factual reality. The indicators of rule of law in these countries are low, where Mexico in 2018 shows a percentile rank of 27.4/100, well below Brazil (44.2/100) and Chile (83.7/100). In this context, during the OECD field mission, the robustness of the new regulation, which arose under the National Anticorruption System, was evident, including that related to internal control, as well as the existence of a formal and routine compliance culture, in many cases dissociated from the purpose of such regulations.

Several responses to the questionnaire for the OECD Review on Public Integrity in the State of Mexico, regarding the existence of strategies, policies, mechanisms and systems to promote and guarantee public integrity, referred to identifying regulations, organisational structures and formal activities such as regular meetings, without aiming at the development of dynamic elements for control. The existence of a series of mechanisms that contribute to the control environment was confirmed, but also that they are not conceived as an expression of the Control Environment or that they are managed as legal tools that must comply with a formal result for each determined period. In this context, the regulatory framework does not contribute enough to daily and real compliance with internal control.

The State of Mexico would benefit from developing mechanisms, tools and systems that foster, facilitate and assess compliance with the regulatory framework objectives, in such a way that the Control Environment, through a set of active instruments, creates a culture of fulfilling expectations, regarding both the objectives and the means used by public institutions and their staff to achieve such objectives. A Control Environment is composed of a series of standards, processes and structures that are the foundation to perform internal control. Such standards, processes and structures should help the organisation to demonstrate commitment with integrity, attract competent officials aligned with the objectives, and hold individuals accountable for their internal control duties. However, this does not only depend on mandatory legal rules, but should also translate into policies, messages, guidelines and active mechanisms to promote an organisational integrity culture. Furthermore, for such an effort to be sustainable, the focus should be adopted in all the State interactions with citizens and beneficiaries of the State of Mexico, allowing them to participate in the application of an appropriate Control Environment, especially through a greater knowledge of their rights and applicable regulations, and also through the adoption of civil values and the use of mechanisms that involve them in the protection of public resources.

***Internal control is a process that connects all the personnel in institutions, not only a group of persons in charge.***

Internal control is defined by COSO as a process, executed by the board of directors, the senior management and other personnel of the entity, designed to provide reasonable assurance regarding the achievement of operational, information and compliance objectives of the organisation. Internal regulations of the State of Mexico follow the same definition, emphasising that internal control is a process and setting specific roles for a series of stakeholders in the process: head of the institution, internal control co-ordinator, liaison of the Institutional Internal Control System, officials in charge of administrative units/processes, auditing body, liaison for risk management, and the Institutional Performance and Control Committee (*Comité de Control y Desempeño Institucional, COCODI*). However, the design following this concept is operational and seeks to guide the key responsible officials about how to execute internal control, clarifying the steps that must be carried out. This concept of the process, considered alone, is present in many organisations of all kinds.

The State of Mexico is no exception to this phenomenon, which is present in the organisational culture of most of its ministries and auxiliary bodies. Both conceptually and operationally, the regulations on this

matter have identified the most important stakeholders and elements of the internal control process in a series of five steps, which may induce personnel to think that internal control is just a sequence far from their usual duties and which is encapsulated in the exclusive roles of a set of individuals. This belief fosters a disconnection of the personnel, and of an important part of managers and heads of area, with their roles in the implementation and permanent operation of an internal control system.

In particular, the function of COCODI and the Internal Control Bodies (*Órganos Internos de Control*, OIC) is not being fully understood, since the organisational culture of ministries and auxiliary bodies have the notion that control is a task outside the personnel's duties. This belief is added to the complexity of a system operated by several specialised stakeholders in their control tasks. Other stakeholders, who perform control functions, add to the ones mentioned before, specifically in COCODI: COCODI's Chair, liaison of the committee, executive member and members of the committee. This entire framework entails a complexity that hampers the appropriation of control by personnel who are not assigned a role as part of the stakeholders of the internal control system and COCODI.

In consequence, the State of Mexico, through the Office of the Comptroller-General of the State of Mexico (*Secretaría de la Contraloría del Estado de México*, SECOGEM), could adopt a working line oriented towards raising awareness in all the personnel about the role that belongs to them, in the corresponding organisational levels, in the control function. Along with this, it could call the attention to key measures that every institution could promote in order to develop a control environment based on integrity, in such a way that the participation of multiple units of each institution in its promotion is fostered. This type of measure can be seen in Box 4.1, which provides examples taken from documents of the European Union on the matter.

#### **Box 4.1. Key measures to develop an environment that is not prone to corruption**

With the purpose of developing an environment that is not prone to corruption, the European Union defined several measures:

- All the administrative plans, regardless of their level, should reflect the values and ethics of the body.
- Requiring an individual “ethics contract”, or code of conduct, between the employee and the employer when entering the public service, as well as its periodical renewal (e.g. annually).
- Training in solving dilemmas, where the values of the organisation in specific situations are explained (for all levels, including management).
- Ethics and values workshops, some specifically aimed at medium and high-level executives.
- Hiring, evaluation and dismissal procedures of the human resources area must openly reflect and support the mission and values of the organisation.
- The organisation's values should be included in the profiles and post descriptions.
- Ethics clauses in hiring processes and in contracts signed with external suppliers.
- Ethics co-ordinators with specific responsibilities to promote and increase ethics awareness.
- Publicly displaying the organisation's key values.
- Developing a process to report alleged breaches to the organisation's code of conduct.

Source: (European Union, 2015<sup>[2]</sup>).

### ***It is critical to achieve the appropriation of by public officials***

If internal control is seen from an organisational and dynamic perspective, it works as a system, that is, a set of elements that operate in such a way that what happens in one of its elements affects the rest, and vice versa. The COSO Report (COSO, 2013<sup>[3]</sup>) emphasises the importance that each one of the five components and their principles are present and fully operating. This means that the components and principles are formally established, usually applied in the operations of the institution, and in a comprehensive way, that is, jointly interacting. These operation characteristics of the Internal Control-Integrated Model (*Modelo Integrado de Control Interno*) mean that it needs to work systematically and allows a better understanding of the importance of the statement that control is a responsibility of all the personnel, especially the senior management.

In fact, internal control should not be conceived as a series of periodical meetings in the year, held by specialised stakeholders to discuss topics difficult to understand, under some sort of bureaucratic routine that is kept in formal minutes and records, but that does not affect the organisation. If control is conceived as an uninterrupted activity of the different units in their corresponding decision levels, aimed at ensuring compliance with organisational objectives within a framework of respect for rules and policies, it is easier to convey to the personnel the contribution that each unit can make, within the scope of their responsibilities and resources. The senior management in each entity, and intermediate authority levels, should be aware of the systemic character of internal control, about the impact caused by the control measures of a unit, or their omission, on the rest of the organisational units and in institutional results, and the need for an appropriate use of the internal control mechanisms. For instance, France's internal control system is centered on the responsibility of managers and assigns the programme manager with the task to draft the specific objectives and launch the operational execution (Box 4.2).

#### **Box 4.2. Internal control system of the government of France**

In 2006, the Organic Law that regulates the financial provisions of 1 August 2001 (*La loi organique relative aux lois de finances*) entered into force, providing the opportunity to reconsider the administration of public expenditures. It included a change in the role of the main instances involved in public finance control and administration in France. The main features of the reform introduced in France's public administration are the public policies management by objectives, results-based budgeting, a new responsibilities system, strengthening accountability and a new accounting system. The Decree of 28 June 2011 on internal audits is the completion of an offensive to control risks in public policies management. Thanks to this reform, it was possible to expand the scope of internal control to all the functions in ministerial departments and set a true internal audit policy. The French system focuses on the responsibility of managers. The programme manager is the primary link between the political responsibility (assumed by the minister) and the responsibility of managers (assumed by the programme manager). Subject to the authority of the minister, the programme manager drafts the strategic objectives of the corresponding programme and launches its operational execution in order to achieve its objectives. The minister and the programme manager become responsible for the objectives and indicators specified in the Annual Execution Plans (AEP). These national objectives are adapted, if necessary, for each government entity. The programme manager delegates the management by setting operational budgets under the authority of the appointed managers.

Source: (OECD, 2015<sup>[4]</sup>; European Commission, 2014<sup>[5]</sup>).

The State of Mexico also faces this challenge. According to the response of the State of Mexico to OECD's questionnaire, one of the main challenges to integrate control in the day-to-day activities of the State's institutions is the belief that internal control processes are considered as a mere formality and a bureaucratic burden, and not as a tool to promote integrity and improve performance.

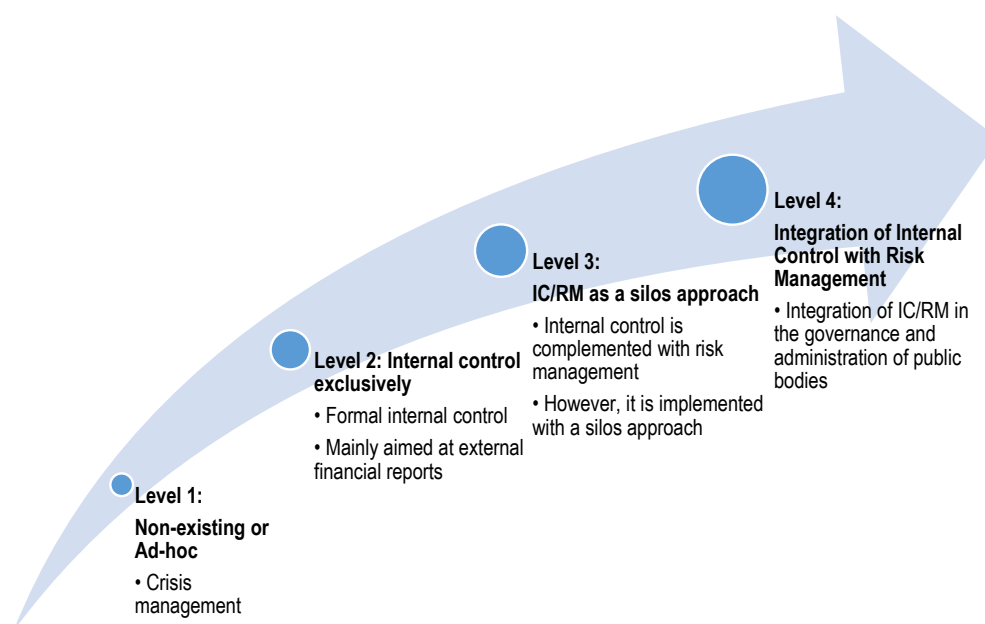
The State of Mexico could strengthen, through instructions, plans and training by the Ministry of Finance and SECOGEM, the awareness and advice tasks to the personnel regarding their corresponding roles in each level, to the officials and leadership of critical and support areas, in the application of actions to identify risks, control execution and information. Special attention could be given to the need to appropriate key staff in the implementation and development process of an internal control system. Integrating internal control in the Administration's everyday activities requires an effort aligned by the Ministry of Finance, which exercises planning duties and follows up on goals and training of the state government's personnel, and SECOGEM, which is in charge of enhancing internal control and government evaluation.

Key personnel in the current implementation stage includes the positions of heads of substantial and supporting areas. This staff is in an intermediate position between senior managers and the rest of the personnel. It is a segment of persons who know the corresponding areas and their operations, understand their risks and are close to decision making regarding the control of everyday activities. Until this moment, they fulfill a central and technical role in the system's operation, participating in the elaboration of institutional projects of the matrix and risk management map, and the risk management working programme (*Programa de Trabajo de Administración de Riesgos*, PTAR), and eventually the COCODI.

After an initial implementation stage of the internal control system in most ministries and auxiliary bodies, it is convenient to proceed to the identification of those institutions that are in conditions to move to a further implementation stage, focusing the awareness raising and training activities on senior levels and managers, incorporating tools so that these stakeholders take ownership of control, with the aim to strengthen their performance and fulfil the goals of their corresponding areas, in an integrity and accountability environment. It is necessary in this stage to ensure the impact of the internal control system in the planning and decision making by managers, in order to achieve the integration of internal control and risk management.

Figure 4.1 below illustrates four basic stages of internal control integration and the risk management processes in the governance and management systems of the organization.

**Figure 4.1. The basic stages of internal control integration**



Source: OECD.

The State of Mexico, through the co-ordinated action of the Ministry of Finance and SECOGEM, could also evaluate other mechanisms, such as the drafting of clear profiles regarding those who have critical responsibilities in the control system and the applicability of administrative responsibility rules due to omission of control, as a way to promote a more integrated and effective vision of the model, and also to strengthen the accountability of these senior positions regarding the performance of their areas. This is the aim of Principle No. 5 of the Internal Control Framework of the COSO Report (COSO, 2013<sup>[3]</sup>), as it stresses the importance of enforcing accountability through the establishment of mechanisms by the management and directors in order to communicate and hold individuals accountable for the performance of internal control responsibilities throughout the organisation, and implement corrective actions, if necessary. Furthermore, the principle promotes assessing the performance of such responsibilities, and offering prizes or disciplinary actions, as required. In the United States, circular A-123 of the Office of Management and Budget highlights the responsibility of the administration in the internal control area (Box 4.3).

### Box 4.3. Circular A-123 of the United States Office of Management and Budget (OMB): Management's Responsibility for Internal Control

The circular sets the rules as follows:

- Management is responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.
- Management shall consistently apply the internal control standards to meet each of the internal control objectives and to assess internal control effectiveness.
- When assessing the effectiveness of internal control over financial reporting and compliance with financial-related laws and regulations, management must follow the assessment process of OMB.
- Annually, management must provide assurances on internal control in its Performance and Accountability Report, including a separate assurance on internal control over financial reporting, along with a report on identified material weaknesses and corrective actions.
- The actions required by the circular provide that agencies and individual federal managers must take systematic and proactive measures to:
  - develop and implement appropriate, cost-effective internal control for results-oriented management
  - assess the adequacy of internal control in Federal programmes and operations
  - separately assess and document internal control over financial reporting consistent with the process
  - identify necessary improvements
  - take corresponding corrective actions
  - report annually on internal control through management assurance statements.

Source: (OMB, n.d.<sup>[6]</sup>; Fountain, 2012<sup>[7]</sup>).

### ***The visible commitment by managers should go beyond the minimum set in regulations***

Since the operation of an internal control system requires the commitment of top management, and the Control Environment set in the State of Mexico's rules requires that the heads and management bodies demonstrate commitment, especially through the example on values, philosophy and operative style, the State of Mexico could evaluate the tools used by managers to demonstrate their commitment towards public integrity, improve the verification of such commitment and enable them to go beyond the minimum formal compliance set in the rules.

Creating and maintaining a control environment is the basis to achieve an effective internal control system and the State of Mexico should adopt measures to ensure the minimum required in the regulations, allowing the full application to the model set in the Agreement on Provisions and the Administrative Manual regarding Internal Control for ministries and auxiliary bodies of the Government of the State of Mexico (*Acuerdo sobre Disposiciones y el Manual Administrativo en material de Control Interno para las dependencias y organismos auxiliares del Gobierno del Estado de México*). Along with this, the State of Mexico could adopt measures that actively promote the overcoming of such minimum level, especially by those who make public decisions and must lead a management at the service of citizens.

The *OECD Recommendation of the Council on Public Integrity*, when addressing the development of a public integrity culture, indicates that countries should “support managers in their role as ethical leaders by establishing clear mandates, providing organisational support (such as internal control, human resources instruments and legal advice) and delivering periodic training and guidance to increase awareness of, and to develop skills concerning the exercise of appropriate judgement in matters where public integrity issues may be involved”. As indicated in the Agreement on Provisions and the Administrative Manual regarding Internal Control, “the supporting attitude of heads, management and the governing body can be either a driver or an obstacle for internal control.”

In order to be drivers, public managers must lead a supportive attitude towards internal control, illustrating the importance of integrity, ethical values and rules of conduct in their guidelines, attitudes and behavior, through instructions, personal initiatives and the example. This commitment and attitude, also called “Tone from the top”, is a display of the political willingness from senior management to do things right. The top management’s leadership, which is indispensable in internal control, should be channeled through clear messages about the management’s tone towards the entire organisation. To the extent that such tone is visible, it can lead to a favorable momentum towards compliance by the personnel with the objectives and goals of each public institution and create more legitimacy towards citizens. In this sense, SECOGEM could propose and empower public managers, in their different levels, initiatives, mechanisms and additional tools for integrity, to facilitate overcoming the minimum standards expected. These could include sustained campaigns of external and internal communication with key messages from the direction about control and integrity objectives, specific guidance on the risk areas in a sector or entity (receiving gifts, merit in hiring procedures, management of conflict of interest with suppliers, etc.), rewarding good control practices, recognising ethical leaders in middle management, among others.

### ***The State of Mexico should strengthen training in internal control and public ethics, and take it to all the public officials***

Training is the basic tool to facilitate alignment of the officials’ personal objectives with the objectives of their public institutions, and provide them with knowledge and tools to develop an effective and efficient activity oriented towards the common good, thus, the mechanisms to ensure a sufficient level of contribution to the control environment should be explored. The State of Mexico could adopt measures that expand the coverage and depth of training functions regarding control and public ethics, since one of the main challenges detected to integrate the internal control components and processes with the administration of daily activities in public institutions of the State of Mexico, is the prevalence of personnel with insufficient skills and knowledge about internal control, standards and tools (according to the responses given to OECD’s questionnaire). Although SECOGEM carries out constant training work in public institutions, it does not have enough staff and resources to reach the more than 200 thousand public officials who need such training every year. Additionally, there is not any public offer for training on integrity in the State of Mexico to allow sufficient compliance with the set objectives, and programmes and budgets for training in control and public ethics in ministries and auxiliary bodies are not anticipated.

The function of staff training is a permanent duty of States, oriented towards a continuous search to adhere the personnel to the interests and values of each public institution, and at the same time is an essential instrument of capacity building and specialisation for the staff to improve the effectiveness, efficiency and quality of services provided to citizens. As the ILO states, “it is increasingly recognised that the capacities and skills of persons, investment in education and training, are the key to economic and social development. Qualifications and training increase the productivity and income, and facilitate everyone’s participation in the economic and social life.”

The lack of a sufficient and permanent training offer for the personnel of ministries and auxiliary bodies about integrity, accountability and control could seriously limit the implementation of the set of reforms born after the State Anticorruption System, as well as the development of sustainable policies of cultural change towards integrity and efficiency in the State.

In consequence, the State of Mexico should redesign, based on a diagnosis and attainable objectives, training programmes, channels and tools that allow achieving, within a reasonable timeframe, a complete coverage of the personnel, as well as, first and foremost, of the critical areas regarding legal and ethical compliance, such as procurement operations, hiring personnel, regulatory decision making, use of public resources, and delivery of state benefits and allocations, among others. For this purpose, support can be found in information and communication technologies and online courses, in training by competences methodologies, and in practical learning strategies. It could also identify partners for the medium and long term in the public, private and university sector, at state, federal and international level, which would allow providing sustainability to training initiatives and introducing complementary specialisation activities.

### ***SECOGEM could take more advantage of its information system to advise the government***

The information system implemented by SECOGEM provides, under certain conditions, a high capacity to advise the government at the highest level and in the different sectors, about internal audit, internal control and integrity. The Government of the State could have, for instance, timely and consolidated reports on risks that could affect performance in key areas of policy and the State Development Plan, as well as strategic recommendations on control objectives, interinstitutional co-ordination and institutional and technological strengthening at the state level. These reports could inform in a consolidated and timely manner about strategic goals and objectives at risk, the factors that affect and the proposals for corrective measures. These reports could be aimed at the highest authority in the Executive Branch, and to the heads of Ministries if applicable, for strategic and political decision making of the government.

However, for SECOGEM to take advantage of the potential of audit and internal control structures of the administration, as well as its information system, compliance with certain conditions should be ensured. One of them is information security. Nowadays, information is key for the governance of any business, company or institution, and information systems affect organisational management. In virtue of this, SECOGEM must ensure that the information and its systems have the characteristics of confidentiality, integrity and availability, unique to a management system of information security, as defined in ISO 27.001 on information assets security.

Especially important for decision making based on control information is the integrity of information, so that both the latter and its process methods and systems are exact and complete. This implies that the audit information should comply with quality standards, and that the information on internal control and risks should be safeguarded through processes executed by the internal audit as a technical opinion independent of the management areas. Hence the importance of the independence of OICs regarding internal audit, which should be pursued following the Three Lines of Defense model, where the internal audit's role is assurance, being thus excluded from tasks belonging to management, as will be analysed in sub-section "The separation of roles and tasks in three lines of defense can help to clearly define functions and responsibilities" in Chapter 4.

Another condition to take advantage of the potential of audit and internal control structures is having the capacity to produce high-value analyses for management. This has to do with SECOGEM acquiring and developing the capacity of strategic and value analysis for government's management, in such a way that the government top management has valuable input to achieve better performance at the service of the population. This analysis capacity can be supported on learning centers or universities in the State or in federal references with expertise in formulating strategic analysis. The agreements signed by SECOGEM with several public, private and academic institutions such as the Autonomous University of the State of



Mexico (*Universidad Autónoma del Estado de México, UAEM*), the Executive Secretariat of the National Anticorruption System (*Secretaría Ejecutiva del Sistema Nacional Anticorrupción, SESNA*), the General Attorney's Office, the State Institute for Transparency, Access to Information, and Personal Data Protection of the State of Mexico and Municipalities (*Instituto de Transparencia, Acceso a la Información Pública y Protección de Datos Personales del Estado de México y Municipios, INFOEM*), the Supreme Audit Institution of the State of Mexico (*Órgano Superior de Fiscalización del Estado de México, OSFEM*) and 66 municipalities, for instance, should translate into projects to strengthen the institutional and strategic capacity, with financing incorporated in the budget and short-term results.

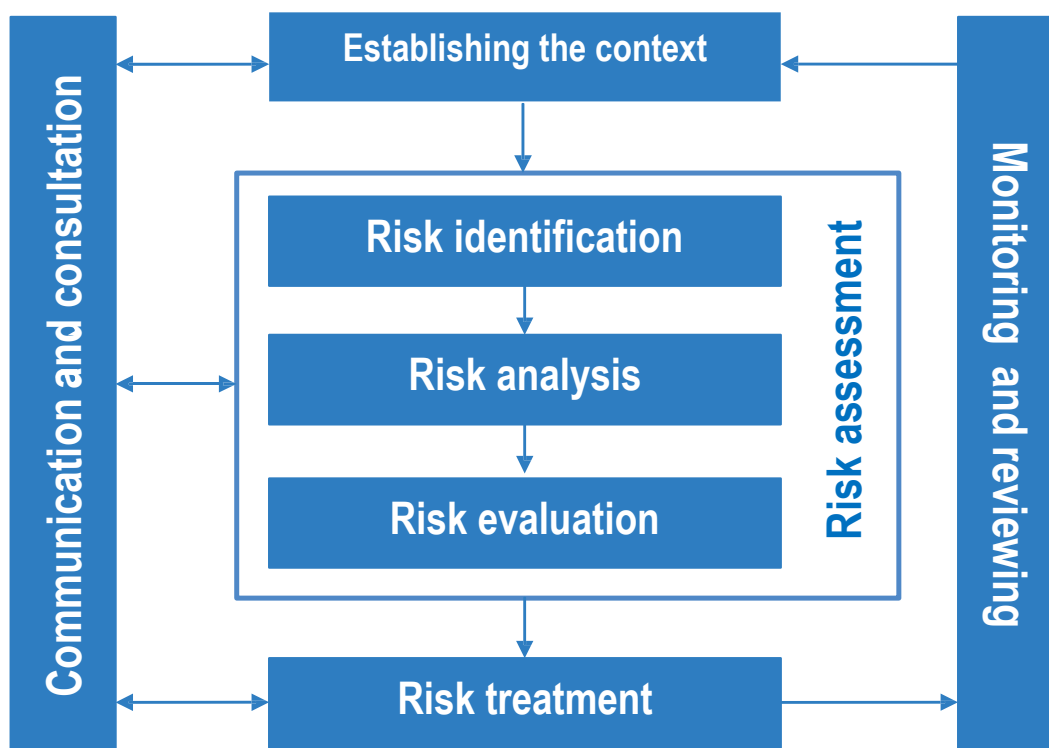
## **Adopting a strategic approach for risk management that comprises integrity risk assessment in the public sector**

### ***Risk management should be an integral part of institutional management***

Governance practices in OECD countries indicate that risk management should be considered an integral part of the institutional management framework, instead of being applied in isolation. Risk management should permeate the organisation's culture and activities, in such a way that it matters to everyone who works in it. Informed employees who can recognise and fight corruption have more possibilities of identifying the situations that can undermine institutional objectives and those of the area under their responsibility.

In the public sector, the operational concept of risk management must include the systems, processes and culture that help to identify, evaluate and treat risks in order to contribute to public sector entities achieving their performance objectives (OECD, 2013<sup>[8]</sup>). The first step of operational risk management is setting the context and the objectives of the institution. Then, identifying the events that could affect the achievement of such objectives. The events that could have a negative effect are risks. Risk assessment is a three-step process that starts with identifying the risk, then comes the risk analysis that implies the capacity to understand each risk, its consequences, the probability that such consequences occur, and the seriousness of each risk. The third step is risk assessment in order to determine the tolerance of each risk and, therefore, if the risk should be accepted or treated. The risk management cycle can be seen in Figure 4.2 below.

Figure 4.2. The risk management cycle



Source: Adapted from ISO 31000:2009 Risk Management.

In each national and organisational context, risk management should develop its own identity. This is carried out, initially, through adapting the Internal Control Framework to the characteristics, limitations, and possibilities for action of each context. However, for risk management to gain depth and ownership, the officials in charge and directors should be provided with practical guidance and tools that facilitate risk management, including integrity risks. The State of Mexico has a regulatory and organisational base that would allow it to achieve a greater level of identity, especially in public managers.

Risk is defined as the possibility of an event occurring and negatively affecting the achievement of objectives. According to the Internal Control-Integrated Model (COSO, 2015<sup>[9]</sup>), risk assessment involves an iterative and dynamic process to identify first, and evaluate afterwards, the risks in achieving the organisational goals, so that a definition of which risks can be tolerated is set. In this way, risk assessment is the basis to determine how risks will be managed. The final purpose is to prevent risks from materialising, which affects the achievement of the organisation's objectives and goals.

Interviews and meetings of OECD's work team during the missions to the State of Mexico provided conclusive information about a distorted idea of risk among the personnel and managers, which hampers or inhibits the identification of relevant risks, including fraud and corruption. According to this background, the staff could eventually not be able to identify relevant risks in their operations and processes, since this would imply that mistakes are being made in the management of their areas. The distortion would derive from a false identity between risk and error by public officials, which would prevent them from identifying risks – future and uncertain events – for the fear of determining or reporting neglects and shortcomings – current and real events. This type of distortion affects the proper operation of internal control processes in ministries and auxiliary bodies. It must be warned that any risk omitted cannot be anticipated or mitigated, creating spaces conducive to inefficiencies and, eventually, corruption. This way, the State of Mexico, through SECOGEM, could include raising awareness among the personnel in its guidelines and working plans, especially for directors and managers, about the concept of risk, its different types, and the

advantages of identifying it as a preventive and preemptive mechanism, which contributes to achieving the results of each area and the institution, particularly with regards to integrity risks.

It would be convenient that SECOGEM also develops, among its technical instruments, clear and shared concepts about what is a risk, in such a way that at least public officials in charge of their identification, and internal auditors in their assurance function, have a common and concrete guiding framework about conducts and different phenomena that could affect the objectives of their organisations. The concept of risk is generic, so that, in the risk identification stage, officials should be provided with concrete risk categories, including integrity risks. In this point, SECOGEM could contribute to a better understanding of the concept of integrity risk through technical manuals that include non-ethical practices and corruption crimes catalogues, based on the local experience and the existing records about administrative and criminal liability in the public sector. In addition, such manuals and training activities could be strengthened through examples based on real events regarding the adverse effects for the population resulting from a lack of timely identification of integrity risks in ministries and auxiliary bodies. It is highly relevant to show public officials the direct relation between their work in controlling and preventing corruption, and the satisfactory delivery of state goods and services for the population, that is, between their ethical performance and the citizens' well-being.

***If officials do not take ownership of risk, the management will not be capable of addressing control deficiencies***

Taking ownership of risk by officials is critical for the appropriate treatment of deficiencies in the internal control system. According to the Internal Control-Integrated Model (COSO, 2013<sup>[3]</sup>), the organisation should identify the risks in achieving the objectives and analyse which ones should be managed, while the organisation itself should choose and develop control activities that contribute to mitigating risks until reaching acceptable levels. In the State of Mexico, this task is assigned by law to a series of institutional stakeholders, among which are the head, the internal control co-ordinator, liaisons of the internal control system, and officials in charge of administrative units/processes. In the facts, due to a lack of knowledge about this matter from many participants in this structure, the OIC ends up in a position of participating in the identification of risks and controls, or complementing those that they consider to be incomplete risk assessments.

Despite the greater knowledge that the members of the internal audit function of OICs may have regarding risks and controls, this should not be a task of internal audit or whoever carries out those duties, but a job of the persons in charge of managing the areas in their different levels. Officials should perform these activities at the operational level and at the cross-management levels. The fact that the officials responsible for management are the ones who perform both tasks, without the OIC replacing their analyses and decisions, would help them taking ownership of risk, and for such officials to see a direct relationship between risks, control activities and performance in their working areas, which is essential to encourage the achievement of objectives and institutional results. The State of Mexico could take actions to ensure that those who manage organisations identify and treat risks, taking ownership of the possibility that adverse phenomena materialise for the goals set, but also of political, technical and operational solutions aimed at avoiding or mitigating risks.

One way to ensure ownership is incorporating the concept of the Three lines of Defense in the control environment and organisational practices. According to the Three Lines of Defense Model, “the first line of defense owns the risk and defines the design and execution of the organisation’s controls to respond to such risks” (Anderson and Eubanks, 2015<sup>[10]</sup>). The first line of defense is performed by operational managers, who “develop and implement the risk management and control processes of the organisation”. These include internal control processes designed to identify and evaluate significant risks, carry out planned activities, identify inappropriate processes, address failures in control, and communicate to the main stakeholders about each activity.” The Internal Control-Integrated Framework COSO describes the

necessary components, principles and elements for an organisation to efficiently manage its risks through the implementation of internal control. Within this Framework, “persons in the first line of defense have significant responsibilities related to the sections of risk assessment, control and communication or information activities” (Anderson and Eubanks, 2015<sup>[10]</sup>).

### ***Incorporating personnel with managerial training in tasks related to direction and control contributes to better risk management and control activities***

The strategic use of risk management is facilitated when the heads and directors have managerial training and skills. In such cases, managers easily understand how the internal control system supports the achievement of the proposed objectives and take risk management reports and plans as useful tools to achieve better performance of their areas and of the institution. As OECD has confirmed in its studies on internal control in Latin American countries, the absence of a professional managerial career in public institutions limits the strategic use of risk management.

Thus, the State of Mexico could consider this aspect in the profile definition processes for the internal control structure, in personnel hiring and promotion processes, as well as in tasks of technical support to directors and heads. In the long run, the State of Mexico should consider the implementation of reforms that increase the proportion of professional managers in the public function.

### ***Advancing information and communication about risks and control activities among the most interested institutional stakeholders***

The fourth element of COSO’s Internal Control-Integrated Model is control information and communication. According to this model, relevant information should exist, obtained, produced and used for decision making on control. The operational managers should have relevant information on risks to use it in their everyday management activities, apply operational controls and communicate it internally, and, if applicable, externally. On the other hand, managers who horizontally supervise controls (legal, financial, quality, and others) in order to determine if these work in the way expected, should also access timely information for their supervision, so that they can evaluate and communicate risk and control deficiencies to the organisation’s senior management.

The Three Lines of Defense Model offers clear guidance about the separation of roles among those who manage operationally and apply controls (first line of defense) and those who supervise, monitor and eventually, design, implement and modify control and risk processes of the organisation (second line of defense). In this sense, the relevant information on risks and control activities for decision making should flow in a timely fashion and through clearly established channels in ministries and auxiliary bodies of the State of Mexico. The implementation in management of the Three Lines of Defense Model could be a practical and flexible support to promote control communication between the first and second lines of defense, as well as to the senior management of each organisation and the state control body.

On the other hand, it is seen that at an institutional level, there is a disassociation between control decisions by the senior management, which arise from the risk management process, and audit decisions taken by the internal audit structure, where the Heads of OICs and SECOGEM participate. This relative disassociation is more evident in the planning and selection process of audits, where the OICs’ Heads and their personnel carry out their own risk analyses and propose the audits, assessments and inspections to be performed; this proposal, after and through the regular channels, is approved by the Deputy Secretary for Control and Evaluation. From the field interviews, a difference of opinions arose between the OICs’ Heads regarding the risk analyses applied at the institutional level, showing that there would eventually exist two visions about risks, including corruption risks, at the institutional level. This possible divergence, produced by the control system’s design and the audit function, could be an opportunity to encourage

internal discussions between the second and third lines of defense, encouraging the ownership of risk identification by the managers.

***Data and macro data analysis (Big Data) could be used by the State of Mexico to support a preemptive risk-based approach to fight fraud and corruption***

Risk management greatly depends on the capacity and knowledge of the personnel who is devoted to it, but also on the quality of data used in the identification and assessment of risks, the evaluation of the effectiveness of existing controls, and the identification of corruption patterns and historical trends (Box 4.4). To the extent that operational, management and control data have become more accessible in the State of Mexico, possibilities open for internal auditors, the officials in charge of identifying and managing risks, and specialists to work collaboratively to identify data flows that can be monitored and analysed to detect inconsistencies, patterns and anomalies.

SECOGEM and competent ministries should consider relying upon data analysis and incorporating tools, such as digital forensic analysis, data mining, matching data and relevant correlations search in order to improve the quality of their risk management tools and techniques. Risk maps, matrixes and templates, better grounded and based on evidence, lead to more effective mitigation policies.

**Box 4.4. Detecting corruption in the health sector through a “fraud audit” in Calabria, Italy**

In Calabria, several investigations in the health sector point to corruption, including the infiltration of mafia, as a crime and an act of conspiracy. In its report to the Italian parliament on 27 February 2009, Renato Brunetta, Minister of Public Administration and Innovation, argued that Calabria was the region with the greatest corruption in the health sector. Still, great part of such corruption remains hidden; despite the laws on revisions and controls, health organisations lacked a global control system of administrative and economic performance penalties.

Corruption in public administration is a very complex issue in many aspects. In general, the employee, the manager or the general director of a public body who deliberately breaches the law in order to obtain illegal profits from the public funds’ management, does not act alone. Corruption is based on a multi-level system of complex networks. To detect illegal activities and allow the adoption of the necessary measures, the Business Information Service (BIS) developed a methodology, implemented by the Health Authority of Catanzaro Province, which uses data management to detect administrative and accounting fraud in health sector companies. With a budget of approximately EUR 12 000 per year and eight employees, Catanzaro’s “fraud audit” uses internal controls and a set of procedures and techniques based on information technologies (IT) to schedule and afterwards supervise commercial operations, with the purpose of finding clues about possible corruption mechanisms, in three areas:

First, a systematic analysis was carried out for the accounting documents and invoices of suppliers, with the purpose of detecting double invoicing, valid invoices, and amounts above those invoiced. A special programme developed by BIS was used to implement the Benford Law (which compares the frequency with which numbers come up with expected patterns) in order to analyse the distribution of all the figures related to the invoice number, date, and amounts corresponding to each health sector company. A corruption risk of 0.1% was identified in the 12 000 documents reviewed.

In the follow-up process, invoices corresponding to two companies were identified, which had the same numbering but with different dates. One invoice for the purchase of disposable razors at a price of EUR 9.00 per piece, when the agreed price was EUR 0.084, and increases in the supply cost of transparencies for chemical analyses and electrolytes solution, where the awarding price and the supply price increased by 50 and 100 times, respectively.

Second, the tenders where less than three companies participated in the supply of goods and services were revised in order to discover contracts awarded risk of illegitimacy.

In ten cases, contracts were awarded in tenders where only one company had participated. In those cases where a crime was detected, the case was referred to the competent authorities.

Finally, the supervision of violations to the information network, through a special programme “sniffer” evidenced data theft and piracy from both internal and external sources. This evidenced two healthcare services companies that were avoiding the secure server and proxy, which was referred to the police for investigation.

Source: (European Commission, 2015<sup>[11]</sup>).

Forensic Data Analytics (FDA) can be a valuable ally in preventing and detecting fraud and corruption, using the information available in government databases. It allows the identification of significant patterns and correlations in existing historical data, in order to predict events and evaluate the different reasons that motivate fraudulent activities. One of the greatest challenges in this matter is the fact that government databases do not have equivalent designs, they have different formats, and many of their data lack structure and, therefore, are difficult to combine and evaluate. In most public entities, data exist in structured (databases, simple or more sophisticated) and non-structured formats (emails, text processing documents, multimedia, video, PDF files, spreadsheets and social media). The forensic analysis techniques for non-structured data can convert unprocessed data into formats to be used to produce evidence-based information to prevent or detect fraudulent and corrupt practices. Even today, it is possible under a Big Data approach to work with gaps and unclear data, managing the uncertainty risk, since unlike some decades ago, today it is not necessary to turn to representative samples, but it is possible analyse all the data about specific types of operations or phenomena.

The report of the Association of Fraud Examiners identifies the supervision and proactive analysis of data as one of the most effective instruments for corruption control, reducing the losses attributable to corruption and the scope of corruption schemes. Moreover, ACFE's 2016 report underscored that 36.7% of the organisations victim of fraud or corruption, which were using the proactive supervision of data and data analysis and techniques as part of their programmes to fight fraud, suffered 54% less losses and detected frauds in half the time, compared to organisations that did not use this technique.

Then, the State of Mexico can take advantage of the new possibilities of information analysis for decision making, the most precise identification of risks and the possibility of process redesign and new control techniques. These tools can be very valuable when focusing on integrity risks and, under a progressive development approach, would give a broader scope and depth to the results of control.

### ***Further tapping into the information that the State of Mexico has to strategically safeguard integrity***

The State of Mexico has robust systems of budgetary institutional information, planning and follow-up of goals, as well as, for instance, systems to process information on citizen requests and reports, which allow different levels of disaggregation. There is still potential in the use and quality of data and information for control, not only for ministries and auxiliary bodies, but also for the state executive. This information is necessary to warn about situations that may jeopardise the goals and objectives of each ministry and auxiliary body, as well as to issue recommendations to overcome or mitigate them. It is highly relevant that the Government of the State grounds its control measures and integrity policy development on evidence.

A strategic contribution can be provided by horizontal and recurrent risk analyses, which illustrate risk sources and patterns in ministries, auxiliary bodies, and in sectors, particularly regarding fraud and corruption. The State of Mexico has information that has allowed asserting that priority areas to strengthen

integrity and prevent corruption are public procurement, human resources, financial resources, material resources, auditing, information technologies, internal control, transparency, vehicle procedures and services, public security and access to justice. Also, according to the figures of the Attention System of the State of Mexico (*Sistema de Atención Mexiquense*, SAM), sectors and procedures where corruption costs are higher include education, citizen security, health, finance, access to justice and transportation. The operations and processes where such costs are higher are public procurement, acquisitions, licenses and permits, human resources and administration of movable goods and real estate. On the other hand, those sectors where there is less corruption incidence, according to SAM, are those where there are no direct services for citizens or where processes are automated.

In spite of having data and information, the State of Mexico does not have integrated diagnoses on integrity risks, corruption crimes and serious administrative offences analysing the public-private interactions and sectors most affected by the incidence of corruption, and identifying good practices for their prevention and prosecution. The State of Mexico could prioritise sector and horizontal diagnoses, since it has the platforms and capacities to link systems, match data in different levels, and identify correlations and patterns, especially connected to the characteristic risks of a horizontal process, sector or group of institutions, particularly in those sectors that are more affected by corruption. Such analyses, which go beyond the institutional scope, could be developed by SECOGEM in the Executive branch or by OSFEM.

In addition, under a co-operation scheme with civil society or within the framework of open government, universities, think tanks and specialised civil society organisations could become allies for risk analysis, including integrity risks that could affect state public policies. A co-operation of this type can contribute to an informed and participative discussion, based on evidence, within the State Anticorruption System, in such a way that citizen perspectives also strengthen the solution proposals.

Indeed, the State of Mexico should use technologies to strengthen congruence between control mechanisms and their results. Control mechanisms of the State of Mexico should be congruent and jointly contribute to manage control activities, providing valuable information for assessment and decision making. Choosing and developing control activities through technologies is a real possibility, which can contribute to the coherence of control mechanisms. In this sense, the State of Mexico has control and information systems that can integrate more, with a preventive approach especially regarding integrity risks, and based on technologies. The targeted use of technology would allow preparing and processing massive flows of data coming from registries, databases and information systems, which could be used to create knowledge and intelligence on management, risks and control in such a way that would not be possible manually, given data complexity and volume.

Among the control and information systems that can be used are those related to reports, suggestions and recognitions (SAM), access to information (SAIMEX), reports (SESAEMM), citizen complaints (Citizen complaint system of CEMER), State personnel (Public officials directory), public procurement (COMPRAMEX), administrative responsibilities (Integral Responsibilities System, SIR), mandatory information of obliged entities (IPOMEX), State suppliers (Registry of Suppliers and Service Providers), and refused companies (black-listed companies bulletin), among others. The use of technology to integrate databases can advance control management and governance of state policies.

***Fostering interinstitutional collaboration and the use of technologies by citizens strongly complements the internal control systems and provides more legitimacy to entities facing corruption risks***

The work of analysis and intelligence about corruption crimes in the State could be strengthened. Although the Prosecutor's Office (*Fiscalía*) accesses the risk maps produced by ministries and auxiliary bodies, interchange and analysis relations could be established among specialised units of the prosecutor's office and expert staff in internal audit (OICs) and administrative research of the sectors most affected by public integrity risks, also including processes such as procurement and sectors that, according to the international

and national experience, are more prone to corruption risks. This way, risks, risk factors and vulnerable areas can be outlined in more detail, as well as an agreement on interaction channels and evidence assurance within the administrative and criminal research framework. This co-operation would not only benefit investigative work, but also the preventive function of OICs, to the extent that it would allow them to identify the variables present in the criminal cases of corruption, which had not been considered in audits.

Concerning public integrity, today possibilities open for the design of technology-based tools for citizen control. This can be done by opening public data for reuse by citizens, for instance, to detect risks of conflicts of interest and eventually report corruption acts, through the exchange of information on public budgets, public procurement and contracts for works, asset and interest declarations, decision-making positions, political finance, recurrence of irregularities and crimes in institutions. Formulating an explicit policy aimed at the use of Big Data (2015 *Recommendation of the OECD Council on Good Statistical Practice*) but under the Open Data approach, would promote the participation of civil society in the democratic production of anticorruption knowledge with citizen perspective and value. In this matter, numerous initiatives are being developed in other countries, incorporating civic technology tools.

The *Fiscal Observatory* in Chile, for instance, is an initiative of two civil society organisations and a university to make available online and interactive information for citizens about the national budget of the Chilean State, as well as applications to follow up the monthly execution of state expenditures, including procurement processes at national and municipal levels. This way, citizens and learning centers can access timely information on public resources and their expenditure at different disaggregation levels (Figure 4.3).

**Figure 4.3. Detailed public information on the national budget of the Chilean State based on open data**

State expenses by ministry in 2018



Source: Chile's Fiscal Observatory.



## Establishing coherent control mechanisms and an independent and effective internal audit function

### ***Information about control mechanisms can increase the strategic decision-making capacity of the government and the Anticorruption System of the State of Mexico, if adequately integrated***

SECOGEM has the potential to be a catalyst stakeholder of the Executive's diverse initiatives to promote public integrity, and a key co-ordinating agent. It has the organisational structure, technical orientation and functions that would allow it to strategically advise the government about the consolidated status of preventive and detective anticorruption activity in the Executive, aimed towards the design of integrity strategies and policies in each one of the sectors.

SECOGEM's reports should be characterised by a high level of value added to state data and information, an overview of the status of preventive and detective anticorruption elements, and the incorporation of citizens as recipients of state activity. This way, the government would have valuable information for the design of strategies to tackle corruption risks through the targeted and orderly articulation of regulatory, operative, financial and staff tools. Furthermore, with this information the State Government could consolidate integrity policies in ministries, beyond the application of norms and the organisation of structures, allowing a better use of mechanisms and new tools to promote integrity and fight corruption. For this, it would be necessary for the State Government to require and develop capacities in SECOGEM, on the one hand, for the generation and use of information about integrity coming from diverse state institutions and, on the other hand, for the analysis and drafting of strategic reports for decision making at the highest level. For example, the Treasury Board of Canada and the Chilean Council for General Government Internal Auditing have functions and capacities to strategically advise the Government (Box 4.5 and Box 4.6).

The components of this type of information integration could include, preferably, quantitative and qualitative information about:

- objectives and resources of the State of Mexico's Government at the service of citizens
- the conditions for institutional internal and external control
- the conditions for citizen control on state public institutions
- the expected improvement of citizen services as a result of prevention and detection of corrupt activities.

#### **Box 4.5. The Comptroller General of Canada and its internal audit central function**

The Internal Audit Sector of the Comptroller General of Canada is responsible for the Policy on Internal Audit, and of the health of the federal government's internal audit function. By carrying out this role, the sector supports the commitment of the Comptroller General to strengthen the governance, accountability, risk management and internal control of the public sector in the whole-of-government. The following are the three main areas of responsibility of the Internal Audit Sector:

1. Policy and professional practices are centered on providing timely advice and guidance to the audit community. This includes:
  - leading and advocating for the value of the internal audit function
  - monitoring and evaluating policy implementation and compliance
  - providing oversight and support to departmental internal audit units.
  - developing policy, providing professional advice, and acting as technology enablers.
2. Development of the internal audit community, through a range of initiatives to support capacity building and community engagement. This includes:
  - recruiting and supporting departmental audit committees
  - strengthening the internal audit community's capacity through talent management and community development initiatives
  - promoting community engagement through a variety of working groups, advisory committees and the exchange of best practices.
3. The Sector also has an operational arm that performs internal audit work across government focused on providing a range of independent internal audit services designed to add value and improve operations within large and small departments, including Regional Development Agencies. The Audit Operations unit leads internal audit engagements that address horizontal, sectoral or thematic risks or issues in large and small departments or any other internal audit engagements that have been identified by the Comptroller General of Canada or the Secretary of the Treasury Board. The unit is also responsible for leading internal audit engagements focused on departments that do not have an internal audit function.

Source: (Treasury Board of Canada Secretariat, 2018<sup>[12]</sup>).

#### **Box 4.6. Government co-ordination policy on control and internal audit: The Chilean Council for General Government Internal Audit**

The Council for General Government Internal Audit (*Consejo de Auditoría Interna General de Gobierno*, CAIGG) is an advisory body of the President of the Republic on internal control, internal audit and administrative probity. In spite of not having a law, this entity has maintained its functions since 1997 to this day, providing advice at the highest level to Presidents and their ministers. At the same time, it co-ordinates the implementation of the government internal control policy in all ministries of the Executive Branch and State enterprises.

The key elements of its structure are the following:

- It has a Council that advises the President about the government control policy, management of critical areas, and government audit and probity initiatives.

- The Executive Secretariat is a technical body that supports the Council and co-ordinates the implementation of the control policy and the control and internal audit instructions. It provides technical assistance and guidance to all government offices.
- Each ministry has a Government Auditor and a Ministerial Audit Committee, composed of the heads of the Internal Audit Units of each public entity, dependent or linked to each ministry.
- Each public entity has an Internal Audit Unit.

Functionally, the role of the Council is to implement the control objectives in all State Administration levels:

- Each year, the President of the Republic sets one or more control objectives, which must be integrated into the internal control working plans and the internal audit working plans, in each government entity.
- Each State minister sets sectoral control objectives annually, which are also integrated with the everyday control functions of the respective sector's entities, and of each internal audit unit.
- Finally, each head of entity sets its own institutional control objectives. Both the supervisors in charge of carrying out control activities and the internal audits incorporate these objectives in their working plans.
- The CAIGG tracks the implementation of the presidential, ministerial and institutional control objectives and provides technical assistance and permanent information to the internal control system, through internal audit units, which provide assurance within each entity.

The work of advice, technical support, and information for control is based on an information system that allows control decisions, risk diagnoses and technical requirements to go up and down along the government internal audit structure, maintaining coherence in the control plans.

Source: (Council for General Government Internal Audit, 2020<sup>[13]</sup>).

Another aspect that presents an opportunity is greater co-ordination of objectives and activities of external control, especially those implemented by OSFEM, and those of internal control, co-ordinated by SECOGEM. External and internal audits are different in their *ex post* and *ex ante* modalities, and in their purposes, but have ultimate goals, important contact points, and opportunities for complementarity. SECOGEM could strengthen its role, in the framework of the State Audit System, by promoting a greater standardisation of processes, programmes and rules, co-ordination of the control and audit actions, and a co-operative analysis for decision making, seeking the alignment of objectives, interests and opportunities of internal and external control.

### ***The separation of roles and tasks in three lines of defense can help to clearly define functions and responsibilities***

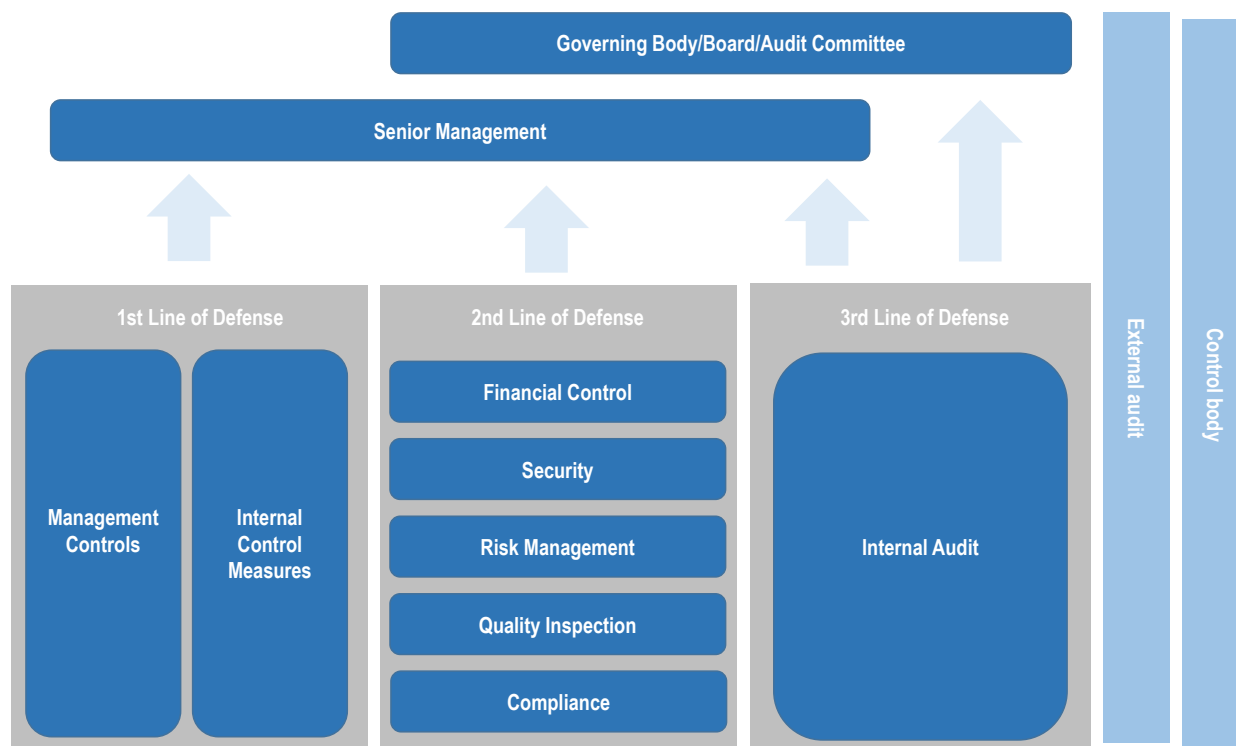
The most detailed distinction about the role and contribution of the internal audit function in complex entities is usefully developed by the Three Lines of Defense model. Understanding and implementing this model in each public institution would help differentiate the OICs' tasks and roles and those of the other officials responsible for managing the implementation of the internal control system in each ministry and auxiliary body. The Three Lines of Defense model helps to improve the understanding of risk and control management by defining tasks and responsibilities. The main concept of the model is that "under the supervision and guidance of the senior management and the governing board, three separate groups (or lines of defense) are needed inside the organisation to effectively manage risk and control."

Each group's (or "lines") responsibilities are:

- Taking ownership and managing risk and control (first line operative management).
- Supervising risk and control to support management (senior management implements the functions of risk, control and compliance).
- Providing independent assurance to the governing board and the senior management about the effectiveness of risk and control management (internal audit).

This way, each of the three lines has a different function inside as part of the general government framework of the organisation (Figure 4.4). When each one effectively fulfills its assigned role, the probability that the organisation succeeds in achieving its general objectives increases.

**Figure 4.4. The Three Lines of Defense Model**



Source: (Anderson and Eubanks, 2015<sup>[10]</sup>).

According to the model, the first line of defense is the owner of the organisation processes, whose activities create or manage the risks that might contribute or prevent achieving the objectives. This includes facing the right risks. In the ministries and auxiliary bodies of the State of Mexico, the Three Lines of Defense Model is technically unknown; however, auditors understand the need for a role separation and try to contribute to developing control ownership in the first and second lines of defense. In the State of Mexico, the first line of defense should be constituted by public officials and areas that directly manage the operations in each one of the ministries and auxiliary bodies. These officials are the ones who should take ownership of the risk, and define the institution's control design and execution, in order to respond to risks.

The second line of defense is conceived to support management, providing knowledge, excellence in processes, and management supervision, along with the first line, helping to guarantee effective risk and control management. It would be convenient that the functions of the second line of defense in ministries and auxiliary bodies are separated from the first line of defense, but likewise under the control and

guidance of senior management. The second line should essentially consist of a supervision or monitoring function regarding the units that operate the organisation processes and manage risks. The units that should usually assume this defense line are the ones responsible for the missional processes of the organisation; but, additionally, it is convenient that the control and support units are part of this second line too, for example, those of planning, finances and budget, management control and legal control. In this sense, the State of Mexico could take measures to advance greater clarity in the personnel of public institutions about the functions associated with risk management and control. Along with this, it could evaluate the correspondence that might exist between the COCODI members' profiles and the integration of a second line of defense, in order to implement the Three Lines of Defense model, strengthening the fundamental guidelines of the Internal Control-Integrated Framework model of the State of Mexico.

The third line of defense provides assurance to senior management and the governing board, verifying that the efforts made in first and second lines are consistent with expectations. Thus, the third defense line is not conceived to perform management functions, so that its objectivity and independence from the organisation are protected. In the ministries and auxiliary bodies of the State of Mexico, such assurance task should be clearly established as a function of OICs, and in the level of the state Executive, as SECOGEM's function. It is the OICs that should, in their audit function, provide assurance to the head and the governing body about the effectiveness of risk management. A clear separation between the third and second line is not incompatible with supervision and self-evaluation tasks carried out by, for example, a head of unit, about the functioning of an element of the internal control system in an area of the organisation. Such a task can and must be carried out by the head of an administrative or business unit to evaluate the presence and functioning of one or more internal control system components, applicable to his processes or unit, its operation and sufficiency. Moreover, this activity can respond to many reasons, such as the decision about a new strategy, changes of plans and methods, or others and, in that sense, it is destined to strengthen internal control as a complementary activity to internal and external audits and to the assurance function. In the State of Mexico, training and guidance on internal control to units in charge of processes could encourage them to perform timely evaluations about internal control components related to relevant risks; promoting risk ownership and control, at the same time that it would emphasise the separation of functions according to the Three Lines of Defense model, and it would relieve the internal audit function of OICs from providing support and assurance.

***The implementation of the Three Lines of Defense also requires to clarify that senior management and the governing board have important responsibilities in the application of the model***

According to this model, although neither senior management nor the governing body are considered parts of any of the three lines, they both have the responsibility of establishing critical elements for management, such as organisational objectives and high-level strategies to achieve such objectives. Likewise, they should establish government structures to better manage risk. Regarding internal control, senior management should also take care of the system selection, development and evaluation. The implementation of this model would strengthen the understanding of each head and governing body about the support that the internal control system provides to good governance and institutional performance, and would help to raise awareness about their responsibility in the implementation and development of the internal control system, and about the due separation of functions in risk control and management. In this line of objectives, SECOGEM could be constituted as an advisory unit, at the highest level of the Government of the State of Mexico, providing guidance to the system and model.

***The internal audit function should reach the highest possible independence from management, so that it can provide an objective opinion and greater reliability for decision making to senior management and interested third parties***

The independence of the internal audit function has special characteristics in public entities. On the one side, independence must be framed within the set of legal and institutional arrangements, at federal or state levels, that characterise the form of governance in each country, and within each one. INTOSAI has agreed international standards for Supreme Audit Institutions (ISSAI) and in ISSAI 10 (INTOSAI, n.d.<sup>[14]</sup>) it approved criteria for the audit standards focused on defending the independence of external audit in public administration. While such criteria, contained in the Lima Declaration, are aimed towards promoting greater independence of the external control public agencies, their rules are equally valid for promoting the independence of the internal audit function concerning risk managers. ISSAI 1, in paragraph number 2 of Article 3, on internal and external control, warns, “internal control bodies necessarily depend on the head of department, in whose organisation they were created. Nevertheless, they should possess functional and organisational independence to the possible extent, in light of the corresponding constitutional structure.”

Taking this background into account, the internal audit system of the State of Mexico constitutes a mixed model, consisting of an internal audit of the state government, which is external to ministries and auxiliary bodies of the State of Mexico. This design ensures a reasonable level of independence of the OICs, which perform the internal audit function, vis-à-vis the heads of each organisation in which they carry out their function. Building on such independence, the State of Mexico could strengthen the awareness of heads and public directors regarding the assurance work of the internal control system, carried out by OICs, so that they recognise OICs as allies in the audit and internal control evaluation duties. For such purposes, it would also be convenient to avoid OICs performing tasks that are specific to the first line or those that are specific to the units that should implement the internal control system. One way of doing it is reducing their interventions in potentially auditable management actions, such as procurement, supervision and inspection processes. In that sense, it would be pertinent to evaluate the convenience of modifying or clarifying Article 49 of Law of Administrative Responsibilities of the State of Mexico and Municipalities, which empowers SECOGEM and the OICs to supervise the execution of public procurement procedures. Supervision is a task that is specific to line heads and should be carried out by them, their control systems or mechanisms, in a way that managers and heads are responsible and accountable for the control work inherent to their positions. Likewise, it would be convenient to reduce or eliminate the participation of OICs in verification actions that shift away from the independent nature of the audit. That is the case of the so-called “Inspections”, which are not relevant quantitatively concerning the total actions of the OIC’s audit function and that did not demonstrate to have a precise definition among the interviewees in the OECD field mission. Such definition varies from monitoring actions of previous audits to verification of facts specific to a line of control (first or second defense line).

Likewise, the interviews carried out by the OECD mission, revealed that some directions and management units send requests to OICs to carry out verification actions about the performance of the line personnel under their charge, in face of the difficulties they find for the personnel to follow their obligations or instructions. The independence of the auditor’s judgement should be protected, avoiding engaging them in management, and clearly assigning those tasks to the corresponding personnel, which should be held accountable for their performance and the existing obstacles.

### ***Internal audit can be an advisory function at the highest level***

Additionally, OICs' internal audit function should move towards demonstrating the value of its tasks and reports for heads and governing boards, as well as for managers. The audit function cannot act on the line, but it should be capable of offering advice and support for improved decision-making in the different levels of each organisation. As clearly stated in ISSAI 100 (INTOSAI, 2019<sup>[15]</sup>) about fundamental public sector audit principles, "public sector audit is essential, since it provides legislative and supervision bodies, officials in charge of governance and public in general, with independent and objective information and assessments regarding the administration and performance of policies, programmes or government operations."

Even though a series of factors help the auditor's information to be valuable for public officials and the government, it is highly necessary that auditors consider the following audit principles of the public sector: a) materiality during the entire audit process; b) preparing the documents to provide a clear understanding of the work performed, the evidence obtained and the conclusions reached; and c) establishing an effective communication, especially with the administration and the officials in charge of governance. The development of this internal audit capacity to advice regarding relevant issues should be promoted by SECOGEM, through a strategy of greater value-added of internal audit, which includes tools to raise awareness in senior management, training of auditors, evaluation of the quality and contribution to governance of its products, and user perception about the contribution of audit information to the achievement of objectives, goals and rules.

### ***OICs can help to prevent corruption through integrity audits***

The regular use of integrity tests or audits is an opportunity for the State of Mexico to rely on a valuable tool to ensure that the policy framework, control mechanisms, and integrity systems are effectively used by the several units in charge and that they are being applied following methods that guarantee their effectiveness, efficiency and quality.

This would be particularly relevant regarding mechanisms on citizen participation, access to information, reports and whistleblower protection, human resources management, including control processes prior to hiring officials, prevention of conflicts of interest, verification of asset declarations, disciplinary control of managers, and post-public employment restrictions; as well as control mechanisms for integrity in public procurement and the granting of licenses, transfers, subsidies and state benefits. OICs are allies in the evaluation of tools to prevent corruption, given that they can carry out audits on the quality of such mechanisms and their effective use, and issue an independent opinion with recommendations for their enhancement. For example, in the United Kingdom, the internal audit contributes to detection of fraud and corruption (Box 4.7).

### Box 4.7. Fraud and Corruption – The role of internal audit

Detecting fraud and corruption is not one of the internal audit's main functions. The role of internal audit is to issue an independent report based on an objective evaluation of the governance framework, risk management and control. This way, internal auditors can:

- Check the risk assessment of the body seeking evidence to support a report stating that the risks of fraud and corruption have been duly identified and appropriately addressed (that is, within the risk tolerance).
- Issue an independent report on the effectiveness of prevention and detection processes implemented to reduce the risk of fraud or corruption.
- Check the new programmes and policies (and changes in the existing policies and programmes) seeking evidence that the risk of fraud and corruption has been considered, as appropriate, and offer a report about the alleged effectiveness of the controls designed to reduce risk.
- Consider the possibility of fraud and corruption in each audit intervention and identify indicators of the potential commission of crime or of control weaknesses that could point to a vulnerability to fraud or corruption.
- Verify the areas where serious cases of fraud and corruption have occurred in order to identify systemic weaknesses that would have been exploited or inoperative controls and make recommendations, where applicable, regarding the strengthening of internal controls.
- Support, or carry out, research on behalf of the administration. Internal auditors should only investigate cases, alleged or real, of fraud or corruption, if they have the appropriate knowledge and understanding of the corresponding laws that allow them to carry out this work effectively. If the research work is done, the administration should be aware that the internal auditor is acting outside the fundamental powers of internal audit, and of the potential consequences for the audit plan.
- Issue a report about the likely effectiveness of the fraud and corruption risk strategy of the body (for instance, policies, response plans, reporting policy, codes of conduct) and if they have been effectively informed throughout the organisation. Directors are mainly responsible for ensuring that there is an appropriate strategy and it is a task of the internal audit to review the effectiveness of such strategy.

Source: (HM Treasury, 2012<sub>[16]</sub>).

### ***The independence and role of internal auditing contributing to the internal control system is an objective that the State of Mexico should permanently pursue through measures aimed at improving the performance and integrity of internal auditors***

The professionalisation of the internal audit work strengthens the independence of the auditors' determinations, since they base their opinions on recognised standards, methodologies and techniques, and comply with the internationally recognised auditing standards. International auditing principles for the public sector establish general principles that auditors should follow, including: a) ethics and independence of the auditor; b) professional judgement, due diligence and skepticism; and, c) quality control. Internationally accepted practices on audit quality (such as those established in the International Standard on Quality Control, ISQC 1) include the need for organisations to have policies and procedures on audit quality, including monitoring the audit and having policies and procedures to promote an internal culture based on the recognition that quality is essential in the performance of audits. Likewise, it defines as an



element of a quality control system that the organisation establishes policies and procedures designed to provide reasonable assurance that the work is performed in accordance with professional standards and regulatory and legal requirements, and that the issued reports are appropriate. In addition, regarding the review of quality control, it warns that the organisation should establish policies and procedures that require reviewing quality control of the work to provide an objective evaluation of the relevant determinations taken by the work team and the conclusions reached when formulating the report. For example, the Office of the Comptroller General of Canada has developed the Internal Audit Competency Profiles and Dictionary (Box 4.8) and Slovenia established the TIAPS programme (Box 4.9).

In this same sense, but from the training perspective, there is not a sufficient offer for training and specialisation in the field of auditing in the State of Mexico. Therefore, it would be advisable for the Government of the State of Mexico to evaluate long-term initiatives to improve access of internal auditors to training, specialisation and certification courses in the fields of internal audit, forensic audit, financial audit, information technology audit and use of technologies for control and auditing, among others.

Thereupon, it is advisable that the State of Mexico, through SECOGEM, strengthens its role as the governing body on internal audit, through technical strengthening plans and ensuring the professionalisation of auditors and the quality of audits. For that purpose, it may be highly convenient to operationalise agreements, in this regard, with the Superior Audit Office of the Federation (*Auditoría Superior de la Federación*, ASF), OSFEM, and the Association of Public Accountants of Toluca.

#### **Box 4.8. Internal Audit Development Programme and Internal Audit Competency Profiles and Dictionary in Canada**

Among its initiatives to upgrade the development of an internal audit recruitment and strengthening system, the Office of the Comptroller General of Canada developed the Internal Audit (IA) Competency Framework.

The IA Competency Framework aims to support and empower a quality and self-sufficient internal audit community in the federal public sector. It provides excellent infrastructure, along with tools and support services, to position the internal audit community as professionals who perform a job in the government of Canada that adds value to organisations.

The IA Competency Profiles and Dictionary are the main pillars of competency-based management (CBM). They allow organisations to focus on how a person undertakes their job based on the skills, abilities, and knowledge necessary to perform the tasks. CBM is the application of a set of competences to the administration of human resources (staff, training, performance management and resource planning) to achieve excellence in performance and results that are relevant to organisations.

Source: (OECD, 2017<sup>[17]</sup>).

### Box 4.9. The Training of Internal Auditors Programme in Slovenia

The Training of Internal Auditors in the Public Sector (TIAPS) provides an example of public sector-oriented internal audit certification, combining international best practices with localised regulatory concerns, taught in the language of the host country.

#### I. Scope and key characteristics:

The idea behind TIAPS started in Slovenia in 2002. The TIAPS programme was developed to strengthen competences in internal audit processes in the public sector, paying special attention to the requirements introduced by the accession processes to the European Union. The mandatory and recommended guidelines, issued by the Institute of Internal Auditors (IIA) have long been regarded as focusing on the private sector and unable to fully address the concerns of the public sector.

One of the ways that TIAPS addresses such gaps is by including a customisable module on legislation and fiscal issues, written by experts from participating countries. The way of teaching norms and practices differs from that of IIA, which is based more on rules than on principles. The TIAPS clearly illustrates its students what to do and how, in contrast to the guidance issued by IIA, which leaves large room for interpretation.

TIAPS is aimed at public sector employees with a bachelor's degree and practical experience in areas such as accounting, financial supervision and control. The programme consists of seven modules, divided into two levels, certificate and diploma. The modules, except for the one on National Legislation and Taxation, were developed by the Chartered Institute of Public Finance and Accountancy (CIPFA).

#### II. Challenges

The main obstacle to implementing TIAPS is also its greatest strength: adapting the curriculum to the local level. This requires that institutions involved do a great share of the preparatory work prior to delivery of the programme, including translating training materials and training local coaches who will teach the module content in the local language.

A related issue is the need to find and hire experts to create the legislation and taxation modules. The team for the implementation of the programme hires translators with good understanding of the content's essence; the initial translation is reviewed by an editor or reviewer, to make any necessary adjustments, according to the standard terminology in each country.

Despite being a relatively new programme, TIAPS offers specialisations. However, the specialisations have not yet reached the full equivalence level to directly replace specialised certifications - such as the Certified Information Systems Auditor (CISA), granted by the Information Systems Audit and Control Association (ISACA) - although there are plans to do so in the medium term.

The programme also has a way to monitor and ensure that its certified professionals are kept up-to-date on evolving audit trends, as the IIA and ISACA do, through its continued professional education requirements.

Source: (OECD, 2017<sup>[17]</sup>).

Regarding other measures associated with the conditions of employment and remuneration, the international anti-corruption treaties signed by Mexico obliged the country to adopt a series of measures, which, in terms of internal auditing, take full effect. The Inter-American Convention against Corruption binds the party states to consider the study of measures to prevent corruption, taking into account the relationship between an equitable remuneration and probity in the public service (Article III, section 12). In a more direct sense, the United Nations Convention Against Corruption, signed in Mérida in 2003, binds the party states to adopt systems for recruiting, hiring, retention, promotion and retirement of public employees, based on principles of efficiency and transparency and on objective criteria such as merit, fairness and capability; include adequate selection and training procedures for public office holders who are considered especially vulnerable to corruption; promote appropriate remuneration and fair salary scales, taking into consideration the economic development level of the party state; and promote education and training programmes that allow them to meet the requirements for correct, honorable and due performance of their functions and provide them with specialised and appropriate training to be more aware of inherent corruption risks in the performance of their duties.

Another important measure to strengthen internal auditing and auditor independence in the State of Mexico would be establishing a transparent and merit-based system for entry, promotion, remuneration, and appointment of auditors, incorporating, as a relevant variable, fair remuneration according to the responsibilities of their role and position. This set of measures, applied progressively, would strengthen the performance and independence of auditors and, consequently, the internal control system and integrity in the State of Mexico.

## Strengthening internal control at the municipal level

### ***Internal control, risk management and internal audit at the municipal level need to be redesigned, developing human resources and having access to technical support***

According to INEGI, in the 125 municipalities of the State of Mexico there are 16 187 608 inhabitants, where 87% is urban population. Municipalities have a budget of approximately USD 2 billion per year, and represent, approximately, a little more than a third of the 295 000 public employees in the State. Municipalities are divided into three groups, according to their size. The reality and limitations of most of them and their city halls are very different. Within this diversity, there are some conditions for the performance of municipalities that affect their capacity to control and prevent corruption. The Municipal Management Law of the State of Mexico (*Ley de Gestión Municipal del Estado de México*) is outdated and there is no civil service career at the municipal level. This implies a high turnover of personnel, which often does not have sufficient competences for an effective performance. As a whole, there is a challenge in hiring and training human resources at the municipal level, which represents a structural weakness for the implementation of appropriate control environments and for the fulfilment of municipal objectives.

Regarding the implementation of internal control systems, the heads of the control units who were interviewed stated that the municipalities are carrying out internal control evaluations based on state regulations, since OSFEM has made it mandatory at that level. However, the challenge of incorporating the Institutional Internal Control System at the municipal level is greater than at the state level. According to the Office of the Comptroller of the Legislative Body, municipalities with less than 150 000 inhabitants (103 of the existing 125 municipalities) have a low level of maturity of their Institutional Internal Control Systems (SCII). According to OSFEM and the Office of the Comptroller of the Legislative Body, internal control in the municipalities is weak and the factors that affect its greater or lesser level of implementation are the institutional design of the system, the size of municipalities, incentives for control, capacity building and training. One of the main aspects that affect this situation is the low degree of independence of the heads of the municipal control units, due to the low professionalisation of the position and their dependence on mayors.

An evaluation of the conditions and incentives for internal control and the audit function at the municipal level would make it possible to develop reforms, including legal ones, to update municipal management and control structures, implementing current guidelines and practices in this area. A modern management and control design should be aimed at ensuring that municipal decision-making bodies have high-value information to meet municipal goals and objectives and that internal audit information is based on an independent professional and technical opinion. On the other hand, according to the interviewed municipal comptrollers, control at the municipal level is still associated with the tasks of control units, at the same time that these units are used to supervise tasks, and sometimes to evaluate internal control, replacing the second control line. Internal regulation, raising awareness and training are required for the separation of roles on internal control and risk identification, including fraud and corruption. The Three Lines of Defense model provides simple and practical guidelines to facilitate the understanding and separation of roles in tasks of control and assurance. Its implementation would improve the understanding of control among municipal personnel and authorities and allocate audit tasks to system assurance.

At the municipal level, auditing is more challenging than at the state level. All the municipal comptrollers interviewed reported that the internal audit function in their charge does not have enough personnel and that the assigned officials generally do not have sufficient skills and knowledge for good audit performance. They also drew attention to the lack of training on control for municipal staff, and the lack of sufficient resources for their audit work, including the use of their own vehicles and personal computers, which represents a risk of control by itself. The use of technologies for auditing is still a widespread challenge at the municipal level and, in addition, there is a lack of IT auditors.

In this sense, OSFEM is a state benchmark in terms of control and, given its scope and powers, can become the guide and support that municipalities require in terms of control and audit. As a guide, OSFEM could contribute to the strategic liberation of control actions at the municipal level and become a consolidating institution among federal, state and municipal control approaches. For example, encouraging co-ordinated actions by the Office of the Comptroller of the Legislative Branch and OSFEM to implement SCIIs in municipalities, strengthening the control environment and, eventually, enforcing responsibilities for omissions of control and accountability. Likewise, it has the capacity to support the monitoring of the implementation of the SCII in the municipalities and the technical strengthening of the municipal control units. It could detect those municipalities and municipal control units that can become benchmarks and establish rankings, while identifying those municipalities that, due to their characteristics, are most vulnerable to corruption, in order to focus audit efforts and follow them up and serve as technical support to municipal control units. This type of actions can be supported from the State Audit System, differentiating activities focused on co-ordinated audit from those aimed at technical support and training, the latter organised in a plan to strengthen capacities.

Taking into account the geographical dispersion of municipalities and their lack of resources and personnel in terms of control, it is highly recommended that the support provided by OSFEM to municipal control units expands, incorporating training, technical tools, monitoring, and IT systems. These should be aimed at facilitating and efficiently separating the control and audit functions in the municipalities and at strengthening the integration of control efforts between OSFEM and the municipalities, through plans and additional resources focused on strengthening capacities and technical monitoring. In addition, OSFEM could conduct a pilot project for the municipalities to share audit services, in order to manage control resources between municipalities and according to areas of common interest to them.

Another initiative that could strengthen the discussion, guidance and training of municipal comptrollers regarding management and control is the establishment of an open association or entity without political affiliation, which would bring together the municipalities of the State of Mexico. An association like this would facilitate the accumulation and management of the demand for institutional strengthening of all municipalities and all municipal control units, as well as the eventual allocation of state or municipal funds. An initiative of this type could be an incentive for universities and training centers in public management, planning, control, audit and prevention of corruption, to produce an offer for capacity-building, training and research that, in the long term, solves the weak training of personnel at the municipal level.

## Proposals of action

### Establishing specific objectives for an effective control system

The State of Mexico has a solid regulatory framework to promote an appropriate control environment oriented to public integrity. However, more could be done to set specific objectives for an effective control system:

- improving efforts to develop a regulatory framework to be the basis for real and day-to-day compliance of internal control
- adopting measures to raise awareness among all the personnel regarding the role they have in control and applying key measures to develop a control environment based on integrity
- achieving the ownership of control and accountability by officials and key personnel in the process of implementation and development of an internal control system with the aim to achieve impact in planning and decision making
- promoting and facilitating the visible commitment of directors towards internal control and integrity beyond the minimum standard, in such a way that they can demonstrate the tone from top management towards middle management
- strengthening training in internal control and public ethics and taking it to all the public officials of the State of Mexico
- creating the conditions to take advantage of information systems and potentialities of SECOGEM to strategically advise the government on internal audit, internal control and integrity.

### Adopting a strategic approach for risk management that comprises integrity risk assessment in the public sector

The State of Mexico has a regulatory framework for risk management and is currently in the formal implementation process with different progress levels. However, risk management should permeate the culture and activities of ministries and auxiliary bodies of the State, in such a way that it matters to all those who work for it. It could adopt measures to have a strategic approach to risk management:

- ensuring through awareness raising and technical support that risk management is an integral part of institutional management
- adopting a strategy to achieve risk ownership and controls by officials
- incorporating personnel with managerial training in tasks related to direction and control
- advancing information and communication on control risks and activities among the most interested institutional stakeholders
- using data analysis and macro data (*Big Data*) to support an anticipatory focus based on risk to fight fraud and corruption
- taking more advantage of the information that the State of Mexico has to strategically safeguard integrity
- promoting interinstitutional collaboration and the use of civic technologies for citizens to strongly complement internal control systems and provide entities with more legitimacy in light of risks of corruption.

### **Establishing coherent control mechanisms and an independent and effective internal audit function**

The State government needs to have coherent control mechanisms and SECOGEM should become the catalysing entity of government initiatives to promote integrity and an appropriate function of internal audit, through a series of measures:

- strengthening SECOGEM's capacity to add information about control mechanisms, so that it delivers reports that increase the strategic capacity for decision making of the government and the Anticorruption System of the State of Mexico and Municipalities. Clearly separating the control, supervision and audit roles, using the Three Lines of Defense Model, in such a way that the third line of defense is embodied by OICs at the organisational level, and by SECOGEM at the state government level
- training and verifying that the internal audit function reaches the greatest independence possible from management, so that it provides an objective and more reliable opinion for decision making to senior management and third parties interested
- SECOGEM adopts plans and strategies for a greater production of value for internal audit that includes tools such as raising awareness from senior management, training of auditors, quality assessment and contribution to the governance of its products, and the perception from users about the contribution of audit information to meet objectives, goals, and rules
- incorporating integrity audits executed by OICs, which would allow the State Government to have a technical and independent opinion on the quality of corruption prevention mechanisms and recommendations for its reinforcement
- improving the development and integrity of internal auditors, through training and professionalisation, and incorporating appropriate entry, promotion, remuneration and allocation systems.

### **Internal control, risk management and internal audit at the municipal level need to be redesigned, strengthening human resources and having access to technical support**

Municipalities are in different and more unfavorable conditions than those of the State Government organisations to appropriately implement a framework for internal control, risk management and audit focused on integrity, thus they need to strengthen the means and stakeholders dedicated to these functions, which can be done by:

- reforming, even legally, the municipal management and control structures, according to the most current guidelines and practices, including the Three Lines of Defense Model
- allowing municipalities to allocate enough resources for an appropriate audit work and staff training
- strengthening OSFEM's support to municipal control units, including training, technical tools, follow-up and information systems, and co-ordinating actions between the Office of the Comptroller of the Legislative Branch and OSFEM to implement Institutional Internal Control Systems in municipalities, strengthen the control environment, and, eventually, apply liabilities for omissions of control and accountability.

## References

- Anderson, D. and G. Eubanks (2015), *Aprovechar el COSO en las tres líneas de defensa*, Committee of Sponsoring Organizations of the Treadway Commission, <https://global.theiia.org/translations/PublicDocuments/COSO-2015-3LOD-Thought-Paper-Spanish.pdf>. [10]
- COSO (2015), *COSO Internal Control-Integrated Framework*, Committee of Sponsoring Organizations of the Treadway Commission, <https://www.coso.org/Pages/ic.aspx> (accessed on 20 May 2020). [9]
- COSO (2013), “Internal Control - Integrated Framework”, Committee of Sponsoring Organizations of the Treadway Commission, <https://www.coso.org/Pages/ic.aspx> (accessed on 11 September 2017). [3]
- Council for General Government Internal Audit (2020), *Government objectives*, <https://www.auditoriainternadegobierno.gob.cl/objetivo/instructivo-presidencial-objetivos-gubernamentales-2018-2022/>. [13]
- European Commission (2015), *Calidad de la Administración Pública-Herramientas para los Administrativos*. [11]
- European Commission (2014), “Compendium of the Public Internal Control Systems in the EU Member States (second edition)”, <http://ec.europa.eu/budget/pic/lib/book/compendium/HTML/index.html> (accessed on 27 May 2020). [5]
- European Union (2015), *Public Internal Control Systems in the European Union, Position Paper 2015*, European Union. [2]
- Fountain, L. (2012), *Manager’s Responsibility for Internal Control*, [https://www.kscpa.org/writable/files/Self-Study/FGE/updated\\_managers\\_responsibility\\_for\\_internal\\_control\\_article.pdf](https://www.kscpa.org/writable/files/Self-Study/FGE/updated_managers_responsibility_for_internal_control_article.pdf) (accessed on 27 May 2020). [7]
- HM Treasury (2012), *Fraud and the Government Internal Auditor*, HM Treasury, London, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/207217/Fraud\\_and\\_the\\_Government\\_Internal\\_Auditor.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/207217/Fraud_and_the_Government_Internal_Auditor.pdf) (accessed on 27 May 2020). [16]
- INTOSAI (2019), *ISSAI 100 Principios Fundamentales de Auditoría del Sector Público*, INTOSAI, <https://www.issai.org/wp-content/uploads/2019/08/ISSAI-100-Principios-Fundamentales-de-Auditor%C3%ADa-del-Sector-P%C3%BAblico.pdf> (accessed on 27 May 2020). [15]
- INTOSAI (n.d.), *ISSAI 10 Declaración de México sobre Independencia de las EFS*, INTOSAI, <https://www.issai.org/wp-content/uploads/2019/08/INTOSAI-P-10-Declaraci%C3%B3n-de-M%C3%A9xico-sobre-la-Independencia-de-las-EFS-1.pdf> (accessed on 27 May 2020). [14]
- OECD (2017), *OECD Integrity Review of Coahuila, Mexico: Restoring Trust through an Integrity System*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264283091-en>. [17]
- OECD (2017), *OECD Recommendation of the Council on Public Integrity*, OECD, Paris, <http://www.oecd.org/gov/ethics/Recommendation-Public-Integrity.pdf>. [1]

- OECD (2015), *Budget reform before and after the global financial crisis, 36th Annual OECD Senior Budget Officials Meeting*, OECD Working Party of Senior Budget Officials, Paris, [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=GOV/PGC/SBO\(2015\)7&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=GOV/PGC/SBO(2015)7&docLanguage=En). [4]
- OECD (2013), *OECD Integrity Review of Italy: Reinforcing Public Sector Integrity, Restoring Trust for Sustainable Growth*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264193819-en>. [8]
- OMB (n.d.), *Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control*, United States Office of Management and Budget. [6]
- Treasury Board of Canada Secretariat (2018), *Organizational Structure*, Government of Canada, <https://www.canada.ca/en/treasury-board-secretariat/corporate/organization.html>. [12]



# 5

## Enhancing the implementation of the State of Mexico's administrative liability system for public officials

---

This chapter examines the role of the administrative liability regime for public officials in the State of Mexico and its effectiveness in ensuring accountability in its public integrity system. It illustrates the recent legal framework on administrative responsibilities, which provides for a comprehensive and solid foundation to enforce integrity rules and standards but still requires further guidance, capacity and support to favour its implementation, as well as streamlining it. The chapter also addresses existing co-operation and exchange of information mechanisms among relevant actors, emphasising the oversight role of the Office of the Comptroller of the State of Mexico (SECOGEM) on administrative liability units in public entities. It recommends leveraging on existing registries on administrative proceedings and sanctions, as well as on the Co-ordination Committee of the State Anti-corruption System, where enhanced co-ordination with criminal enforcement actors could be established. A considerable amount of information and data on administrative liability enforcement and its performance is collected, and the chapter proposes ways to further exploit them for prevention, accountability, and deterrence purposes, such as by making them available to the public and periodically communicated to the State Anti-corruption System.

---

Enforcing integrity rules and standards is a necessary element to prevent impunity among public officials and to ensure the credibility of the integrity system as a whole. Without effective responses to integrity violations, and the application of sanctions in a fair, objective and timely manner, an integrity system is not able to ensure accountability and build the necessary legitimacy for integrity rules and frameworks to deter people from misbehaving. Furthermore, a consistent application of rules in the public sector contributes to building citizens' confidence in the government's ability to tackle corruption effectively and – more generally – to fuel trust in the integrity system as a whole.

This chapter examines the role of the administrative liability regime for public officials in the State of Mexico<sup>1</sup> and its effectiveness in ensuring accountability in its public integrity system. It assesses the strengths and weaknesses of the current framework against international standards and norms. In particular, it builds on the OECD *Recommendation on Public Integrity*, which calls States to ensure that enforcement mechanisms – including disciplinary and administrative ones – provide appropriate responses to all suspected violations of integrity standards by public officials (OECD, 2017<sup>[1]</sup>). Applying the OECD Recommendation to the State of Mexico, this chapter analyses:

- the extent to which the recently-adopted framework of administrative responsibilities is applied fairly, objectively and timely among the State of Mexico's public officials
- whether mechanisms for co-operation, exchange of information and collaboration are effectively in place among all relevant institutions such as the Ministry of Control of the State of Mexico (*Secretaría de la Contraloría del Gobierno del Estado de México*, SECOGEM), Internal Control Bodies in public entities (*Órganos Internos de Control*, OIC), the Administrative Justice Tribunal, and the Anti-corruption Public Prosecutor Office
- how the administrative liability system of the State of Mexico collects and uses relevant data, ensures its transparency and evaluates its performance.

## Ensuring fairness, objectivity and timeliness

### ***The implementation of the legal framework on administrative liability of public officials requires secondary regulations to fill procedural gaps and ensure its full application***

The OECD Recommendation stresses the need for fairness, objectivity and timeliness in the enforcement of public integrity standards, calling on countries to apply these key principles in all enforcement regimes, including the disciplinary and administrative ones. These three elements contribute to building or restoring public trust in both the standards and enforcement mechanisms, and should be applied during investigations, as well as at the level of court proceedings and imposition of sanctions.

In the State of Mexico the anti-corruption reform adopted to implement the State of Mexico's Anti-corruption System Law in 2017 included a regulation on administrative liability and proceedings, which is the Law of Administrative Responsibilities of the State of Mexico and Municipalities (*Ley de Responsabilidades Administrativas del Estado de México y Municipios*, LRAEM). It establishes sanctions for public officials who commit administrative offences, which in turn are divided between serious ones - such as diversion of resources, embezzlement and misuse of resources - and non-serious ones – such as non-compliance with functions, attributions and tasks entrusted to the person or failure to submit declarations of assets and interests in a timely manner (Box 5.1). The LRAEM also regulates the administrative liability regime of private - natural and legal - persons linked to serious offences, such as bribery, use of false information and collusion in public contracts (Article 68).

### Box 5.1. Serious and non-serious offences in the LRAEM

In the Law of Administrative Responsibilities of the State of Mexico and Municipalities, administrative offenses committed by public officials are classified as serious and non-serious breaches. These two categories include the following misconducts:

**Table 5.1. Examples of integrity-related misconducts**

Serious breaches	Non-serious breaches
<ul style="list-style-type: none"> <li>• Bribe</li> <li>• Embezzlement</li> <li>• Diversion of public resources</li> <li>• Misuse of information</li> <li>• Abuse of functions</li> <li>• Acting under conflict of interest</li> <li>• Improper contracting</li> <li>• Hidden enrichment or concealment of conflict of interest</li> <li>• Influence trafficking</li> <li>• Concealment</li> <li>• Obstruction of justice</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to comply with functions, powers and tasks entrusted with discipline and respect, both to the other public officials and to the individuals with whom they deal, in the terms established in the Code of Ethics.</li> <li>• Failure to report acts or omissions that, in the exercise of their functions, public officials may be able to warn, that may constitute administrative offences in terms of Article 95 of the LRAEM.</li> <li>• Failure to present in a timely manner the declarations of assets and interests.</li> <li>• Failure to observe good conduct in the employment, position or task, treating with no respect, diligence, impartiality and rectitude the persons and public officials with whom they are related.</li> </ul>

Source: LRAEM.

A number of typologies of sanctions are established depending on the gravity of the offence, the economic consequence and the subject committing it (Box 5.2). The responsibility to impose sanctions also depends on the seriousness of the offence, whereas for non-serious administrative offenses it is SECOGEM and the Internal Control Bodies of public entities (OIC), while for serious administrative offences it is the Administrative Justice Tribunal of the State of Mexico.

### Box 5.2. Administrative sanctions for public officials and private persons in the State of Mexico

The LRAEM establishes, in its Article 79, the following sanctions for non-serious breaches of public officials:

- Public or private reprimand.
- Suspension of employment, office or commission without pay for a period of no less than 1 day and no more than 30 calendar days.
- Dismissal from employment, office or commission.
- Temporary disqualification from holding public service jobs, positions or commissions and from participating in acquisitions, leases, services or public works for a period of 3 months to 1 year.

At the same time, Article 82 of the LRAEM establishes the administrative sanctions that could be imposed for the commission of serious administrative offenses, which are:

- Suspension of employment, office or commission from 30 to 90 days.
- Dismissal from employment, office or commission.
- Economic sanction.
- Temporary disqualification from performing public service jobs, offices or commissions and from participating in public purchases, leases, services or works.

In the event that the serious administrative misconduct generates economic benefits for the public officials themselves, their business partners or relatives, an economic sanction shall be imposed amounting up to two times the benefits obtained.

The administrative sanctions that can be imposed for illegal conduct of both individuals or legal persons are established in Article 85 of the Law of Administrative Responsibilities of the State of Mexico and Municipalities as follows:

- For natural persons: economic sanction; temporary disqualification from participating in acquisitions, leases, services or public works; compensation for damages caused to the State or Municipal Public Treasury, or to the assets of public entities.
- For legal persons: economic sanction; temporary disqualification from participating in acquisitions, leases, services or public works; suspension of commercial, contractual or business activities; dissolution of the respective company; and compensation for damages caused to the State or Municipal Public Treasury, or to the assets of public entities.

Source: OECD based on materials provided by the State of Mexico.

As for the scope of application of the regulation, according to the Mexican Constitution, a public official is considered to be any person who performs an employment, position or commission in any of the branches of the State, autonomous bodies, in municipalities and auxiliary bodies, as well as the incumbents or those who act in companies of state or municipal participation, societies or associations assimilated to these and in public trusts (Article 130). The LRAEM applies to public officials at the state and municipal levels, but also to the Legislative Power and the autonomous bodies of the State of Mexico. Individuals linked to serious administrative breaches can also be sanctioned, whether natural or legal person, and those who are in a special situation, such as candidates for election, members of electoral campaigns' teams or transition team between administrations of the public sector and leaders, directors and employees of public sector unions.

The legal framework provides for a comprehensive and solid foundation to enforce integrity rules and standards, which is also coherent with the national framework. However, the significant amount of new procedures and mechanisms requires further efforts to facilitate their implementation and eventually the enforcement of sanctions. Interviews during the fact-finding mission noted that in some ministries there has not been any sanction yet because of the complexity and novelty of the legal framework. In particular, it was stressed that secondary regulation is still needed to implement some aspects of the new legal framework, such as on the possibility to request a public defender,<sup>2</sup> as well as on the structure of the internal control bodies that should all count with areas that investigate, conduct and take decisions in administrative liability cases. By duly implementing all the processes and aspects of the LRAEM, SECOGEM would not only avoid impunity or carrying out weak files that could then be annulled, but would also provide guidance and better understanding of mechanisms and legal concepts in the current transition process into the new system of administrative liability. In doing that, efforts should also aim at addressing another challenge highlighted during the fact-finding mission, which is the high degree of formalisation brought by the new legal framework, for instance with respect to the mandatory translation of all documents that are not written in Spanish. The over-formalisation of the legal framework burdens and delays the enforcement activity, thereby undermining the accessibility and fairness of justice but also leading to cases annulled or not be dealt with on the substance for formal requirements that are difficult to meet in practice. To address this challenge, secondary regulation could help streamlining formalistic procedures and requirements identified in the first phase of the LRAEM's application by authorities taking part in the proceedings such as SECOGEM and the Administrative Tribunal. Should this prove insufficient to overcome some of the rigidities of the new framework, those actors could consider discussing legislative amendments within the State of Mexico Anti-corruption System and then bringing them to the consideration of Congress.

### ***SECOGEM could scale up capacity-building efforts to address novelties of regulation and provide continuous guidance***

A key dimension of fair disciplinary and administrative enforcement is ensuring that staff in charge of various phases of proceedings have adequate tools, skills and understanding. This includes providing continuous training and building the professionalism needed to master the relevant legal framework. Indeed, providing guidance, ensuring training and building professionalism of officials in charge of enforcement limits discretionary choices, helps addressing technical challenges, ensures a consistent approach of disciplinary and administrative liability action and contributes to reducing the rate of annulled sanctions due to procedural mistakes and poor quality of legal files. For this purpose, guidance material and training programmes are common ways to develop capacity of the relevant staff and to strengthen technical expertise and skills in fields such as administrative law, IT, accounting, economics and finance, which are all necessary areas to ensure effective investigations.

These efforts are particularly needed in the State of Mexico in light of the legal framework adopted in 2017, which envisages proceedings encompassing new roles (Table 5.2), procedures, standards and mechanisms. In particular, administrative liability investigations may be initiated:

- ex officio
- by report/complaint (denuncia) through the State of Mexico's Alert System (Sistema de Atención Mexiquense, SAM) (Box 5.3)
- as a result of an audit carried out by the competent authorities or, where appropriate, by external auditors.

### Box 5.3. The State of Mexico's Alert System

In order to strengthen the reporting mechanism for misconducts, SECOGEM put in place the State of Mexico's Alert System (SAM), a tool that allows citizens to submit their reports/complaints about acts or omissions of public officials who do not comply with their obligations or that affect a public service. This system has been updated and harmonised with the Anti-corruption System of the State of Mexico and Municipalities and the LRAEM, in order to also receive complaints against individuals and companies linked to acts of corruption. The SAM also allows those who submit a report to follow up on its progress as well as the presentation of suggestions for the improvement of public services, or recognising the performance of a public official.

Source: OECD based on materials provided by the State of Mexico.

The investigation procedure begins when the investigating authority (*autoridad investigadora*), which is either a unit of SECOGEM or the investigative unit in the entities' internal control bodies, becomes aware of the existence of an alleged breach, which is then assigned a file number, and orders the investigation until its completion, the investigative authority analyses that the findings evidence an administrative fault or presumed responsibility, prepares a report of alleged administrative liability (*Informe de Presunta Responsabilidad Administrativa*) and sends it to the authority in charge of building the case until the decision (*autoridad substanciadora*), which may also be within SECOGEM or the unit conducting administrative liability cases in the entities' internal control bodies.

The investigating authority may file an appeal against the decisions taken by the body conducting the case or deciding authority (*autoridad resolutora*), which is SECOGEM, a specific unit in the entities' internal control bodies (in case of non-serious breaches) or the Administrative Tribunal of the State of Mexico (for serious breaches). If the case stems from a complaint from individuals, they may also appeal the classification of the administrative fault and the lack of action to initiate the administrative procedure.

**Table 5.2. Roles in administrative liability proceedings**

Phase of proceedings	Responsible entities	Responsibilities
Investigation	Investigative Unit of SECOGEM or the investigative unit in the entities' internal control bodies	Investigating alleged administrative breaches
Case-building ( <i>Etapas de substanciación</i> )	Unit of SECOGEM in charge of sustaining administrative cases or corresponding unit in the entities' internal control bodies	Directing and conducting the administrative liability proceedings from the admission of the presumed responsibility report to the conclusion of the initial hearing
Decision	Administrative responsibilities unit of SECOGEM or a specific unit in the entities' internal control bodies (in case of non-serious breaches); the Administrative Tribunal of the State of Mexico (for serious breaches)	Resolving the case after reviewing the parties' position and evidence

Source: Article 3 of the LRAEM.

The new legislation spells out a number of legal principles which should be observed throughout the investigative and case-building phases, namely to observe the principles of legality, impartiality, objectivity, congruence, material truth and respect for human rights. On top of these principles, the LRAEM introduced greater procedural guarantees to those undergoing administrative liability proceedings, emphasising that they have the right to an *ex officio* defender, to be given certified copies of all the documents in the file for the preparation of their due defence, to present arguments, as well as to have their legal situation resolved within a period of no more than 30 working days, which may be extended only once for an equal term when the complexity of the matter so requires, having to justify and motivate the causes for it.

Interviews during the fact-finding mission pointed out that many cases were accumulated because of the formalism of the new legal framework pointed out earlier, which required an update of regulations to align them with the Anti-Corruption System of the State of Mexico and to modify the structure of the internal control bodies and SECOGEM itself. At the same time, the backlog of cases was also due to insufficient expertise and professionalisation of the staff in charge of administrative liability proceedings, such as the preparation of solid legal files. Building skills, experience and professionalism minimises the chance of mistakes through proceedings that endanger the effectiveness and fairness of the whole enforcement system. These weaknesses are particularly meaningful at the municipal level, where interviews highlighted the lack of staff and skills to carry out administrative liability cases. The OECD experience suggests that institutions in charge of co-ordinating disciplinary or administrative liability bodies are usually best placed to strengthen their capacity and to support them in building and sustaining cases, for instance through in-person training programmes or e-learning courses. Hence, SECOGEM could scale up existing training efforts for staff working in administrative liability offices – including at municipal level – focusing on the correct and uniform interpretation and application of procedural rules, including those stemming from the current legal framework.

Currently, the Manual for case-building of administrative procedures (*Manual de Substanciación del Procedimiento Administrativo*) is under review and will be applicable by the responsibilities units of SECOGEM and the internal control bodies and serve as a guide for case-building in administrative responsibility procedures, from the admission of the report of alleged administrative liability to the corresponding resolution. SECOGEM could accelerate the review process and/or develop tools, manuals and channels of communication to guide and support investigative bodies in preparing cases and respecting the due process rights of the officials under investigation (Box 5.4). In parallel, SECOGEM could also organise more general awareness-raising activities targeting all public officials, whose understanding of the administrative liability system is equally crucial to support, legitimise and adhere to the new regime. The Administrative Justice Tribunal of the State of Mexico should also be involved in these efforts, as it contributes to applying and providing authoritative interpretation to the legal framework.

### Box 5.4. Providing guidance on disciplinary matters

The United Kingdom's Civil Service Management Code recommends compliance with the Advisory, Conciliation and Arbitration Service (ACAS)'s Code of Practice on Disciplinary and Grievance Procedures and notifies departments and agencies that it is given significant weight and will be taken into account when considering relevant cases. The ACAS, an independent body, issued the code in March 2015, which encourages:

- clear, written disciplinary procedures developed in consultation with stakeholders
- prompt, timely action
- consistency in proceedings and decisions across cases
- evidence-based decisions
- respect for rights of the accused: right to information, legal counsel, hearing and appeal.

Australia's Public Service Commission (APSC) has also published a comprehensive Guide to Handling Misconduct, which provides clarifications of the main concepts and definitions found in the civil service code of conduct and other applicable policies/legislation, as well as detailed instructions to managers on proceedings. The guide also contains various checklist tools to facilitate proceedings for managers such as: checklist for initial consideration of suspected misconduct; checklist for employee suspension; checklist for making a decision about a breach of the Code of Conduct; checklist for sanctioning decision making.

The Comptroller General of the Union (CGU) in Brazil provides various tools for guidance to disciplinary offices including guides, manuals, questions and answers related to the most recurrent issues, as well as an email address to clarify questions related to the disciplinary system.

Source: (ACAS, 2015<sup>[2]</sup>); (APSC, 2015<sup>[3]</sup>); (CGU, n.d.<sup>[4]</sup>);

## Promoting co-operation and exchange of information among institutions and entities

### ***The oversight role of SECOGEM over offices in charge of administrative liability could be leveraged to promote mutual learning and exchange of good practices***

Oversight on and co-ordination among offices responsible for disciplinary or administrative liability in public entities contributes to ensure uniform application of the integrity framework, allows to address common challenges and promotes the exchange of best practices. This requires establishing the legal and operational conditions for sharing information and ensuring co-ordination among entities which could be potentially involved. An oversight body can support such co-ordination efforts.

In the State of Mexico, SECOGEM is the main institution in charge of co-ordinating administrative liability activity in the government entities through the General Directorate of Administrative Responsibilities and the Internal Control Bodies. For this purpose, it has a budget of approximately MXN 27 million for fiscal year 2019, as well as 78 people assigned to the area, 43 of which carry out functions related to administrative liability procedures.

Ensuring dialogue and co-ordination among offices responsible for disciplinary or administrative proceedings is key to improve the coherent implementation and enforcement of the integrity framework. In this context, interviews during the fact-finding mission confirmed that there is no formal mechanism



promoting horizontal dialogue among offices in charge of administrative liability, which only get together on an occasional basis. Considering the responsibility of SECOGEM over those offices, its oversight function could be enhanced by developing an on-line platform and promoting regular meetings among relevant areas and units in internal control bodies (OIC) of public entities, along the practice of the Ministry of Public Administration at the federal level (SFP), which organises plenary meetings for OICs of federal entities. Both the platform and the meetings would enable discussing common challenges, proposing improvements and exchanging good practices.

***An (electronic) case management tool could improve existing mechanisms for co-operation and exchange of information throughout administrative liability proceedings***

Enforcement systems rely heavily on the proactive collaboration of a wide range of actors within and outside any public entity, for instance, to get to know allegations of integrity breaches (e.g. audit reports, asset declarations, human resources management, whistleblowing reports, etc.). This is particularly the case for systems, such as the one in the State of Mexico, which envisage two procedural paths – partly involving different institutions – depending on whether the alleged offence is qualified as serious or non-serious.

The sequencing and complexity of disciplinary and administrative liability enforcement procedures demand efficient co-ordination mechanisms as they leave room for inconsistent application of the legal framework. While some of the causes of inconsistency, such as the lack of implementing regulation, guidance and venues for mutual learning, have been addressed already, this also crucially depends on the existence of mechanisms to smoothly handle cases among all potentially involved actors in a co-ordinated manner.

In this context, interviews during the fact-finding mission highlighted that the State of Mexico Alert System is a helpful tool to effectively manage the complaints from citizens and public officials, which are submitted to SECOGEM and then turned to the relevant internal control body (Box 5.3). The persons submitting the complaint have access to the file and can be contacted to review the information on the acts reported when strictly necessary to collect their statements. When requested, they can also maintain anonymity. Beyond that, the State of Mexico has a system in place to collect data on administrative proceedings and sanctions (Box 5.5), but it does not have a comprehensive mechanism to manage all the steps of cases and allowing all relevant actors to follow, access, or submit relevant information for swift advancement of administrative liability cases.

**Box 5.5. The administrative proceedings and sanctions registries in the State of Mexico**

Pursuant to the “Agreement establishing the guidelines for the registration of administrative procedures and follow-up of sanctions” of 24 March 2004, the State of Mexico’s Comprehensive System of Responsibilities (*Sistema Integral de Responsabilidades*) keeps records of the procedures of administrative liability and sanctioned public officials.

With regards to sanctions, the register contains the following data:

- The agreements and decisions issued at the beginning, during and at the conclusion of administrative liability proceedings by SECOGEM, the Internal Control Bodies of the central sector and auxiliary bodies, as well as the state public trusts.
- Administrative liability sanctions imposed on public officials of the State and municipalities.
- Payments made as a result of compensatory liability and economic sanctions.
- Decisions by administrative jurisdictional authorities that impose, confirm, modify or invalidate a sanction.

- Decisions of criminal courts that impose as a sanction the removal or disqualification of a person from public service.
- For the informative purposes indicated in the respective agreements, the list of disqualified subjects sent by SFP.

As for administrative liability procedures, the following data are recorded:

- The name of the person subject to the procedure.
- Federal Taxpayer Registry Number or the Unique Identification Number of the person subject to the procedure.
- The position occupied by the person subject to administrative procedure.
- The entity building or deciding the case.
- The file number of the administrative procedure.
- The date of initiation of the administrative procedure.
- The origin of the administrative procedure.
- Where appropriate, indication of the type and origin of the appeal in question.
- The type of sanction that has been imposed, specifying, where appropriate, the time limits and amounts of the sanction.
- The date of the decision.
- The date on which the sanction has been notified in the case of suspensions, dismissals or disqualifications, or the date on which it would have caused enforcement in the case of reprimands, economic sanctions and compensation liability.

The databases also provide information on disqualifications or on-going administrative liability proceedings of the public officials entering the state or municipal public administration of the State of Mexico. They can be accessed by entering:

- Full name.
- Federal Taxpayer Registry Number.
- Unique Identification Number (Clave Única de Registro de Población).

Upon request of the human resources department or the heads of Internal Control Bodies of the entity where a person intends to work as a public official, certificates of non-disqualification containing the following information can also be generated:

- Whether or not the person is subject to an administrative procedure.
- The sanction entered in the sanctions registry.
- For information purposes, the sanctions imposed by the federal authority or another federal entity.

Source: OECD based on materials provided by the State of Mexico.

Building on existing mechanisms and the current plan to revise its Comprehensive System of Responsibilities in view of its alignment with the National and State Digital Platform, SECOGEM could consider developing a case management system in close collaboration with SFP, whose “Comprehensive System of Administrative Responsibility” (*Sistema Integral de Responsabilidades Administrativas*, or SIRA) shares information with the Comprehensive System of Citizens' Complaints and Report (*Sistema Integral de Quejas y Denuncias Ciudadanas*), the National Population Registry (*Registro Nacional de Población*) and the Single Registry of Public Officials (*Registro Único de Servidores Públicos*). Additional relevant practices that SECOGEM could take into consideration are Brazil CGU's Disciplinary Proceedings

Management and Estonia's Court Information System, which provide examples of electronic case management tools in relation to disciplinary and civil enforcement, respectively (Box 5.6).

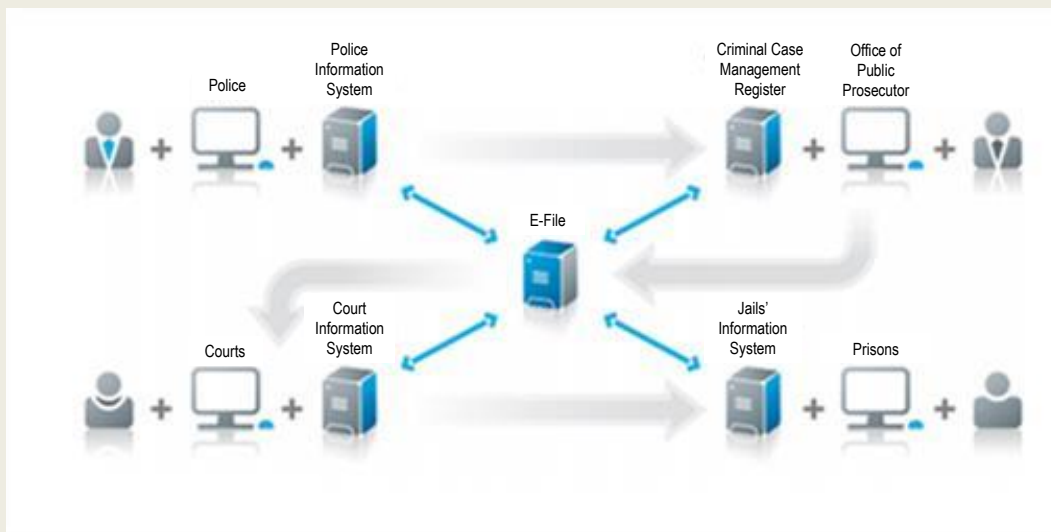
### Box 5.6. CGU's Disciplinary Management System and the Estonian Court Information System (KIS)

One of the pillars of CGU's co-ordination function is the Disciplinary Proceedings Management System (*Sistema de Gestão de Processos Disciplinares*, CGU-PAD), a software allowing to store and make available, in a fast and secure way, the information about disciplinary procedures instituted within public entities.

With the information available in the CGU-PAD, public managers can monitor and control disciplinary processes, identify critical points, construct risk maps and establish guidelines for preventing and tackling corruption and other breaches of administrative nature.

As for the Estonian Court Information System (KIS), when a court uploads a document to it, it is sent via a secure electronic layer for data exchange (the X-Road) to the e-File, a central database and case management system. The e-File allows procedural parties and their representatives to electronically submit procedural documents to courts and to observe progress of the proceedings related to them. The document uploaded to the e-File is then visible to the relevant addressees, who are notified via email. After the addressee accesses the public e-File and opens the uploaded document, it is considered as legally received. KIS then receives a notification that the document has been viewed by the addressee or his representative. If the document is not received in the public e-File during the concrete time-period, the court uses other methods of service.

Figure 5.1. E-file and Court Information Systems



Source: CGU's website, <https://www.gov.br/cgu/pt-br/assuntos/atividade-disciplinar/cgu-pad>;  
[https://www.rik.ee/sites/www.rik.ee/files/elfinder/article\\_files/RIK\\_e\\_Court\\_Information\\_System%2B3mm\\_bleed.pdf](https://www.rik.ee/sites/www.rik.ee/files/elfinder/article_files/RIK_e_Court_Information_System%2B3mm_bleed.pdf);  
<https://www.rik.ee/en/e-file>.

Data related to disciplinary or administrative liability of public officials not only contribute to identify challenges and areas for further improvement of such accountability mechanisms but also to monitor and evaluate the broader integrity and anti-corruption system (see sub-section “Encouraging transparency about the effectiveness of the administrative liability system and the outcome of cases” in Chapter 5). Relevant information from the proposed electronic case management system could thus be connected with the State Digital Platform to promote identification of the administrative liability system shortcomings and to enhance the understanding of corrupt practices and risk areas. The State Digital Platform is envisaged by the Law on the Anti-corruption System of the State of Mexico and Municipalities to integrate diverse electronic databases - such as on asset, interest, and tax declarations; public officials involved in public procurement procedures; public officials and individuals sanctioned; public complaints of administrative misconduct and acts of corruption and; public contracts - into a specific portal. This platform will be managed by the State of Mexico Anti-corruption System and accessible by its members. While some of these databases are existing already (Box 5.5), information collected during the fact-finding mission evidenced partial progress in developing the Platform, although the State of Mexico is one of the most advanced among all Mexican States. Indeed, in 2019 two relevant databases were fully interconnected in the State and National Platforms (“public officials involved in public procurement procedures” and the public officials’ section of “public officials and private individuals sanctioned”) while in 2020 a 75% of interconnection was reached between two others (“asset evolution, declaration of interests and evidence of tax declaration’s submission” and the private entities’ section of the “public officials and private individuals sanctioned”).

***Establishing a mechanism to enhance enforcement collaboration, such as an ‘enforcement working group’ within the State of Mexico’s Anti-corruption System, would promote co-ordination between criminal and administrative liability authorities***

The disciplinary and administrative liability systems do not work in isolation from other enforcement mechanisms, in particular the criminal one. They are actually mutually relevant and supportive. Authorities under one of those enforcement regimes may become aware of facts or information that are relevant to another regime, and they should swiftly notify them to ensure potential responsibilities are identified. Indeed, cross-agency collaboration is particularly important during the investigative phase, where relevant information is often detected by agencies whose activity may be a source of both disciplinary and criminal liability. (Martini, 2014<sup>[5]</sup>). Indeed, a single act by a public official may be the source of both criminal and disciplinary or administrative liability that could then lead to civil law consequences, so all relevant institutions should count on each other’s collaboration in order to bring their proceedings forward following the respective procedures.

In the State of Mexico, the Law of Administrative Responsibilities of the State of Mexico and Municipalities establishes the rules and procedures to sanction public officials’ administrative breaches in the performance of their functions, as well as those of private individuals involved in corruption cases. The Criminal Code of the State of Mexico – together with the Federal Criminal Code – establishes crimes and sanctions for corruption-related conducts (e.g. abuse of authority, illegal use of powers, extortion, intimidation, abusive exercise of functions, influence peddling, bribery, embezzlement, and illicit enrichment). In the event of two proceedings taking place in parallel in relation to the same conduct – one of criminal and one of disciplinary or administrative nature – these run in parallel, without affecting each other.

While criminal and disciplinary or administrative enforcement systems have different objectives and functions, additional mechanisms should be in place to strengthen enforcement collaboration and the exchange of relevant information that are mutually helpful to scrutinise all typologies of liability related to suspected violations of integrity breaches. For instance, establishing working groups, either ad-hoc or in the framework of broader mechanisms to ensure co-operation across the public integrity system as a whole, creates the conditions for standardised processes, timely and continuous communication, mutual learning, dialogue and discussions to address challenges and to propose operational or legal

improvements (Box 5.7). Working groups can also operationalise bilateral or multilateral protocols or memoranda of understanding to clarify responsibilities or to introduce practical co-operation tools between relevant agencies. In the context of the State of Mexico, a key role could be played by the Co-ordination Committee of the State of Mexico's Anti-corruption System, which can recommend mechanisms for effective co-ordination allowing for the exchange of information among administrative and investigative authorities (Article 93 of the LRAEM). In particular, it could create a working group with relevant institutions such as SECOGEM, the State Supreme Audit Institution, the Administrative Justice Tribunal of the State of Mexico and the Public Prosecutor Office of the State of Mexico to discuss and agree on concrete tools to improve exchange of relevant information and effective communication. Considering the potential sensitivity of corruption cases and the need to ensure the independence of law enforcement activity, any co-ordination mechanism between criminal investigators and other government agencies should give due consideration to the constitutional role, competence and confidentiality limits of each institution involved.

### **Box 5.7. Mechanisms to prevent fragmentation of efforts among enforcement regimes**

Inter-agency agreements, memoranda of understanding, joint instructions or networks of co-operation and interaction are common mechanisms to promote co-operation with and between law enforcement authorities. Examples of this include various forms of agreements between: the prosecutors or the national anti-corruption authority and different ministries; the financial intelligence unit and other stakeholders working to combat money-laundering; or between the different law enforcement agencies themselves. These typologies of agreements are aimed at sharing intelligence on the fight against crime and corruption or carrying out other forms of collaboration.

In some cases, countries have launched formal inter-agency implementation committees or information-exchange systems (sometimes called “anti-corruption forum” or “integrity forum”) among various agencies; others hold regular co-ordination meetings.

In order to foster co-operation and inter-agency co-ordination, some countries have initiated staff secondment programmes among different entities in the executive and law enforcement agencies with an anti-corruption mandate, including the national financial intelligence unit. Similarly, other countries placed inspection personnel of the anti-corruption authority in each ministry and at the regional level.

Source: (UNODC, 2017<sup>[6]</sup>).

### ***Dedicated co-operation efforts between SECOGEM, the State Administrative Tribunal and the Ministry of Finance are needed to identify and address challenges in the system for the recovery of economic sanctions***

Consequences of serious breaches of the administrative liability framework in the State of Mexico include economic sanctions and compensations for damages caused to the public treasury or assets (Box 5.2). According to the LRAEM, these are determined by the Administrative Justice Tribunal of the State of Mexico and the payment is guaranteed through precautionary seizure of assets (*embargo precautorio*), which may be executed through the administrative procedure established by the State Financial Code (*Código Financiero del Estado*) to collect tax credits. In particular, the Ministry of Finance of the State of Mexico, which is the authority executing tax credits, may issue a precautionary embargo to ensure the reparation of the damage caused by public officials or private entities.

According to information in the Comprehensive Responsibilities System (*Sistema Integral de Responsabilidades*, SIR), from 1 January 2016 to 17 June 2019, the amount paid following economic and compensatory sanctions imposed is equivalent to 4.37%, of the total, which raised to 5.08% as of

September 2020. The low amount of such activity reflects the presence of serious challenges in the sanction's collection system and, according to interviews during the fact-finding mission, they do not seem to be fully addressed by the new regime established in the LRAEM.

Recovering economic and compensatory sanctions does not only contribute to restore the economic loss and damages to the public administration, but also promote credibility of the system and deter against future illicit conduct. In order to improve the current rate of collection, entities issuing sanctions, such as SECOGEM and the State Administrative Tribunal, could engage with the Ministry of Finance within the proposed working group on enforcement collaboration of the State Anti-corruption System's Co-ordination Committee and create a Task Force to identify and propose measures to address the shortcomings of the system. In particular, such a Task Force should closely monitor the performance of the recovery system, identify risks and causes leading to the low rate of recovery and elaborate an action plan to address those weaknesses with concerted action, such as introducing procedural policies. One measure which could be considered by the Task Force and has been adopted by OECD countries is to increase the recovery rate by providing for direct deduction of sanctions from salaries and pensions. (OECD, 2017<sup>[7]</sup>)

## **Encouraging transparency about the effectiveness of the administrative liability system and the outcome of cases**

### ***Selected data on administrative liability enforcement could be made available to the public in an interactive and user-friendly way and should be put at the disposal of the State Anti-corruption System***

Generating, using and communicating data on disciplinary or administrative liability enforcement can support the integrity system in many ways. First, statistical data on sanctions issued following the breach of the integrity framework provides insights into key risk areas and sectors, which can thus inform more focused and tailored-made preventive interventions, policies, and strategies. Second, data can feed indicators and support the performance assessment of the disciplinary or administrative liability system as a whole. Third, data can inform institutional communications, giving account of enforcement action to other public officials and the public in general (OECD, 2018<sup>[8]</sup>). Lastly, consolidated, accessible and scientific analysis of statistical data on enforcement practices enables the assessment of the effectiveness of existing measures and the operational co-ordination among anti-corruption institutions. (UNODC, 2017<sup>[6]</sup>).

The data-collection activity on disciplinary or administrative liability enforcement should aim to have a clear understanding of issues such as the number of investigations, typologies of breaches and sanctions, length of proceedings, intervening institutions, in a manner that would facilitate analysis and comparability through time. Efforts in the State of Mexico seem to go in this direction since SECOGEM has put in place two registries that collect information on administrative liability proceedings and sanctions (Box 5.5). The Administrative Justice Tribunal of the State of Mexico also keeps statistics on breaches and sanctions, although this is not publicly accessible.

According to the information provided by the State of Mexico, statistical information on administrative liability enforcement is made public through SECOGEM's SIR ([www.secogem.gob.mx/sir/ConsultaSancionados.asp](http://www.secogem.gob.mx/sir/ConsultaSancionados.asp)). The SIR portal is a search tool that allows to identify public servants sanctioned by making them ineligible for public service (*inhabilitación*). The user can search by name and last name or by accessing the full list of sanctioned officials. For each sanctioned official, SIR provides the following information:

- jurisdictional order/sector
- sanctioning authority
- file number
- resolution date
- cause of the sanction
- transgressed regulation
- administrative unit responsible for the information.

Despite the usefulness of this information to identify “black-listed” officials, the SIR does not allow the user to aggregate information and generate data for decision making

On top of that, the website of the State of Mexico's Transparency, Access to Public Information and Personal Data Protection (<https://www.ipomex.org.mx/ipo/lgt/indice/secogem/sanciones.web>) publishes the following information for each public official with a final administrative sanction:

- name of public official
- type of sanction
- jurisdictional order of the sanction
- sanctioning authority
- file number
- date of decision
- cause of sanction
- name of the regulation breached
- archive of the resolution containing the approval of the sanction
- hyperlink to the corresponding Registering System of Public Officials Sanctioned
- date of last update
- validation date
- area or administrative unit responsible for information.

While making administrative liability information public is a key step to make it a tool for accountability, the State of Mexico could further exploit its potential in two ways. First, it could make key parts of the considerable data and statistics collected transparent and accessible to the public in an interactive and user-friendly way, aiming to provide them in appropriate forms for its re-use and elaboration. In this context, the State of Mexico could consider the practice of Colombia, which elaborated corruption-related sanctions indicators (Observatorio de Transparencia y Anticorrupción, n.d.<sup>[9]</sup>) and Brazil, which periodically collects and publishes data on disciplinary sanctions (in pdf and xls format, which are not machine-readable formats) (CGU, n.d.<sup>[10]</sup>) Secondly, it could bring these data in the discussion and development of integrity and anti-corruption policies, for instance, by providing periodic reports to the State Anti-corruption System's Co-ordination Committee with focus on areas, sectors and patterns emerging from on-going investigations and sanctions imposed. This could be a crucial input in the update of the State Anti-corruption Policy, as well as in monitoring and evaluation activities that will be undertaken. More generally, data on integrity enforcement can be part of the broader monitoring and evaluation of the integrity system. Korea, for

example, develops and considers two indexes related to disciplinary and criminal corruption cases - the corrupt public official disciplinary index and the corruption case index – within the annual integrity assessment of public organisations. (Anti-Corruption and Civil Rights Commission, n.d.<sup>[11]</sup>)

***The performance assessment mechanism of the administrative liability system could be complemented with additional indicators and its key results made publicly available***

An additional use of enforcement data is to assess the effectiveness of enforcement mechanisms themselves, as well as to help identify challenges and areas for further improvement. For instance, they can in fact feed key performance indicators (KPIs) identifying bottlenecks and the most challenging areas throughout the procedures.

SECOGEM has various mechanisms in place to continuously measure the performance of the activities and functions of the areas in charge of administrative liability, which are:

- **Quality Management System:** The administrative liability procedure is certified under ISO 9001:2015, which implies continuous improvement in the attention and processing of cases, always in line with the applicable regulations, the permanent training of personnel who carry out activities related to the matter, as well as the guarantee of due process, transparency and legal security.
- **Matrix Indicators:** It is a planning tool that establishes the objectives of the General Directorates of Administrative Responsibilities and of Investigations, incorporating the indicators that measure their objectives and expected results, aligned to the fulfilment of the Development Plan of the State of Mexico 2017-2023.

With regards to the General Directorate of Administrative Responsibilities, they are:

- percentage of administrative procedures resolved
- percentage of public officials trained in compliance with the LRAEM
- percentage of compliance in the presentation of the asset declaration by year, declaration of interests and presentation of the fiscal declaration
- the report on compliance with these indicators is prepared on a monthly basis.

The Indicators for the General Directorate of Investigations are:

- percentage of responses to complaints, suggestions and acknowledgements submitted
- preparation of investigation files
- drafting of reports of alleged administrative responsibility.
- **Performance Evaluation:** It is the structural and systematic procedure to measure, evaluate and improve the features, behaviours and results related to the activities of the personnel assigned to the General Directorate of Administrative Responsibilities, as well as the rate of absences, in order to calculate productivity, and to improve their future performance.

These tools developed by SECOGEM allow for a continuous and comprehensive assessment of the administrative liability system. However, they do not seem to consider key indicators on effectiveness, efficiency, quality and fairness developed by organisations, such as the Council of Europe, for the justice system (e.g. share of reported alleged offences taken forward, and average length of proceedings), (Council of Europe, 2018<sup>[12]</sup>) which could be also applied with respect to the State of Mexico's administrative liability proceedings. SECOGEM could also consider making key results of its assessments publicly available to demonstrate a commitment to accountability and instil trust in its integrity enforcement system. Lastly, it could leverage performance assessment to promote improvements and legal changes of the administrative liability system within the State of Mexico's Anti-corruption System, in view of addressing challenges and shortcomings emerging from its results.



## Proposals for action

### Ensuring fairness, objectivity and timeliness

- SECOGEM could adopt secondary regulation to implement some aspects of the LRAEM, such as the structure of the internal control bodies, that should all count with areas that investigate, conduct and take decisions in administrative liability cases.
- SECOGEM could scale up existing training efforts for staff working in administrative liability offices – including at municipal level – focusing on the correct and uniform application of procedural rules and interpretation.
- The review process of the Manual for case-building of administrative procedures could be accelerated and/or tools, manuals and channels to guide and support responsible entities in carrying out administrative liability proceedings could be developed, including on due process rights of the officials under investigation.
- SECOGEM – together with the Administrative Justice Tribunal of the State of Mexico – could organise awareness-raising activities on administrative liability enforcement, targeting all public officials to support and legitimise the new legal framework.

### Promoting co-operation and exchange of information among institutions and entities

- SECOGEM could promote regular meetings with all the public entities' administrative liability offices (OICs) and design an on-line platform to discuss common challenges, propose improvements and exchange good practices.
- SECOGEM could develop a case management system building on existing mechanisms to register administrative liability proceedings. Relevant information from the electronic case management system could then be connected with the State Digital Platform.
- The Co-ordination Committee of the State of Mexico Anti-corruption System could create a working group with relevant institutions, such as SECOGEM, the State Supreme Audit Institution, the Administrative Justice Tribunal of the State of Mexico and the Public Prosecutor Office of the State of Mexico to discuss and agree on concrete tools to improve exchange of relevant information and effective communication between administrative liability and criminal enforcement authorities.
- SECOGEM and the State Administrative Tribunal could create a Task Force with the Ministry of Finance of the State of Mexico, as part of the proposed working group on enforcement collaboration, to closely monitor performance of the recovery system, identify the causes of the low rate of recovery and elaborate an action plan to address those weaknesses.

### Encouraging transparency about the effectiveness of the administrative liability system and the outcomes of cases

- SECOGEM could make key parts of the considerable data and statistics collected on the administrative liability system transparent and accessible to the public in an interactive and user-friendly way, but also in an appropriate format for its re-use and elaboration.
- SECOGEM could bring administrative liability data in the discussion and development of integrity and anti-corruption policies, for instance, by providing periodic reports to the State Anti-corruption System's Co-ordination Committee with a focus on risk areas, sectors and patterns emerging from on-going investigations and sanctions imposed.
- The tools developed by SECOGEM to assess and monitor administrative liability enforcement could be complemented by introducing the measurement of key indicators on effectiveness,

efficiency, quality and fairness developed for the justice sector, such as the share of reported alleged offences taken forward and the average length of proceedings.

- SECOGEM could make key results of the administrative liability enforcement's performance assessment publicly available to demonstrate a commitment to improving accountability mechanisms and instil trust in its enforcement system.
- SECOGEM could leverage the results of the administrative liability enforcement's performance assessment to promote improvements and legal changes to the administrative liability system in the State of Mexico Anti-corruption System.

## References

- ACAS (2015), *Code of Practice on disciplinary and grievance procedures*, [2]  
<http://www.acas.org.uk/index.aspx?articleid=2174> (accessed on 27 November 2017).
- Anti-Corruption and Civil Rights Commission (n.d.), *Assessing Integrity of Public Organizations*, [11]  
<http://www.acrc.go.kr/en/board.do?command=searchDetail&method=searchList&menuId=0203160302>.
- APSC (2015), *Handling misconduct: A human resource manager's guide*, Australian Public Service Commission, <http://www.apsc.gov.au/publications-and-media/current-publications/handling-misconduct-a-human-resource-managers-guide-2015> (accessed on 27 November 2017). [3]
- CGU (n.d.), *Manuais e Capacitação*, <https://corregedorias.gov.br/utilidades/conhecimentos-correccionais> (accessed on 27 November 2017). [4]
- CGU (n.d.), *Relatórios de Punições Expulsivas*, [10]  
<http://paineis.cgu.gov.br/corregedorias/index.htm> (accessed on 30 July 2019).
- Council of Europe (2018), *European judicial systems: Efficiency and quality of justice - Edition 2018 (2016 data)*, Council of Europe, <https://rm.coe.int/rapport-avec-couv-18-09-2018-en/16808def9c> (accessed on 30 July 2019). [12]
- Martini (2014), "Investigating Corruption: Good Practices in Specialised Law Enforcement", *Anti-corruption Helpdesk*, Transparency International, [https://knowledgehub.transparency.org/assets/uploads/helpdesk/Investigating\\_corruption\\_good\\_practice\\_in\\_specialised\\_law\\_enforcement\\_2014.pdf](https://knowledgehub.transparency.org/assets/uploads/helpdesk/Investigating_corruption_good_practice_in_specialised_law_enforcement_2014.pdf). [5]
- Observatorio de Transparencia y Anticorrupción (n.d.), *Indicador de Sanciones Disciplinarias*, [9]  
<http://www.anticorrupcion.gov.co/Paginas/indicador-sanciones-disciplinarias.aspx> (accessed on 30 July 2019).
- OECD (2018), *Integrity for Good Governance in Latin America and the Caribbean: From Commitments to Action*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264201866-en>. [8]

- OECD (2017), *OECD Integrity Review of Mexico: Taking a Stronger Stance Against Corruption*, OECD Public Governance Reviews, OECD Publishing, Paris, [7]  
<https://dx.doi.org/10.1787/9789264273207-en>.
- OECD (2017), *OECD Recommendation of the Council on Public Integrity*, OECD, Paris, [1]  
<http://www.oecd.org/gov/ethics/Recommendation-Public-Integrity.pdf>.
- UNODC (2017), *State of Implementation of the United Nations Convention against Corruption Criminalization, Law Enforcement and International Cooperation*, United Nations, Vienna, [6]  
[http://www.unodc.org/unodc/en/corruption/tools\\_and\\_publications/state\\_of\\_uncac\\_implementation.html](http://www.unodc.org/unodc/en/corruption/tools_and_publications/state_of_uncac_implementation.html) (accessed on 27 May 2020).

## Notes

<sup>1</sup> While the focus of the chapter is the State of Mexico's administrative liability system for public officials, reference is often made to disciplinary liability, which is a similar accountability mechanism used by OECD countries to sanction integrity breaches of public officials based on the employment relationship with the public administration and the specific obligations and duties owed to it. Breaching disciplinary obligations and duties commonly leads to sanctions of an administrative nature, such as warnings or reprimands, suspensions, fines or dismissals.

<sup>2</sup> According to the information provided by SECOGEM, as of October 2020, administrative proceedings have been initiated against 568 public servants. For those cases, 7 public defenders have been requested, while the rest of public officials had their own lawyers or have decided to defend themselves.

## OECD Public Governance Reviews

# OECD Integrity Review of the State of Mexico

## ENABLING A CULTURE OF INTEGRITY

This review analyses the Anti-corruption Policy of the State of Mexico and Municipalities, highlighting its strengths (i.e. inclusion and rigour) as well as the need to include specific integrity risks (i.e. policy capture) to make it more comprehensive. The review analyses how the State Government could develop ownership of ethical rules and values to effectively influence public officials' behaviour. It also assesses the internal control and risk management scheme of the State of Mexico, providing an overview of its good practices and weak points. Finally, it examines the role of the administrative liability regime for state public officials and its effectiveness in ensuring accountability. It describes the legal framework for administrative responsibilities, which provides a comprehensive and solid foundation for enforcing integrity rules and standards, but requires support to improve implementation.



PRINT ISBN 978-92-64-33609-4  
PDF ISBN 978-92-64-83979-3



9 789264 336094