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The United Nations Convention against Corruption
**Safeguarding against Corruption
in Major Public Events**

LESSON 6: Institutional capacity



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The need for a single responsible Authority

- Ideally, there should be a single authority which is made responsible for the overall organization of the event.
- This Authority may be a governmental body or an independent entity subject to all governmental management and accountability standards and policies.



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Consider what can happen in the absence of a properly empowered single authority

“In the absence of a single point of authority and accountability and the lack of a clear governance structure, a multiplicity of co-ordination committees were created, disbanded, and reconstituted at different points of time. This approach was not methodical, consistent and effective, and also led to complete diffusion of accountability.”

Comptroller and Auditor General of India (2011). *Audit Report on XIXth Commonwealth Games 2010*, p. 31



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Mandate and capacity of the Authority

The Authority must have:

- ✓ a clear and appropriate legal mandate;
- ✓ an effective, transparent, and accountable governance structure;
- ✓ an institutional capacity to manage the whole process of organizing and staging the event;
- ✓ a capacity to manage the flow and expenditure of public funds;
- ✓ an oversight capacity to monitor progress in the preparations for the event and the development of the necessary infrastructures.



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In this lesson, we will:

- ✓ Look at different models for establishing a single authority responsible for the organization of a major event.
- ✓ Discuss the importance of clear and accountable governance, organizational and accountability structures.
- ✓ Examine the concept of politically exposed persons (PEPs) and look at some examples of such persons.
- ✓ Identify some of the general precautions to be taken concerning partners, agents, consultants, lobbyists, and PEPs.



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Governance, organizational and accountability structure

- There needs to be an institutional capacity to manage the whole process of preparing for and holding the major event.
- A country should consider the adoption of legislation on the mandate, authority and governance structure of the Authority.
- Specific oversight mechanisms must be established.
- The responsibilities, authority and reporting obligations of the leaders of the Authority must be clearly delineated.



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A clear responsibility centre must be established, at a high level within the Authority, for anti-corruption assessment and planning.

That responsibility centre should coordinate its anti-corruption activities with those of other stakeholders.



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Precautions concerning partners, agents, consultants, lobbyists, and politically exposed persons

- The organization of a major event necessarily involves entering into various forms of collaboration and partnership agreements.
- Potential conflicts of interest must be identified and addressed.
- The Authority must also identify politically exposed persons (PEPs), as part of its risk assessment process, and take appropriate risk mitigating measures.



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Precautions

The Authority needs to

- ✓ systematically conduct a due diligence exercise before entering into any form of collaboration and partnership agreement;
- ✓ ensure that potential partners have anti-corruption policies and practices that are consistent with its own;
- ✓ enter into formal contribution agreements, protocols, and memoranda of understanding to formalize its relationships and submit these agreements to regular audits;



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- ✓ review its partners' compliance monitoring mechanisms and compliance records;
- ✓ not hesitate to terminate any partnership or joint venture with partners whose practices and policies are inconsistent with its own higher standards of integrity;
- ✓ undertake and properly document due diligence reviews before appointing agents, consultants or intermediaries;
- ✓ only appoint agents, consultants and intermediaries who contractually agree to comply with the organization's anti-corruption policies, keep proper books and records available for inspection by the organization and its auditors.



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- Potential conflicts of interest must be identified and addressed.
- All transactions with agents, consultants or intermediaries must be well documented.
- Any compensation paid to agents, consultants or intermediaries must be for legitimate services, appropriate and commensurate with the nature of the services rendered.



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Politically exposed persons (PEPs)

- PEPs are individuals who are, or have been, entrusted with prominent public functions.
- PEPs are at a higher risk because they are in a position to exert undue influence on decisions regarding the major events or its personnel, procurement or financial management.



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The New South Wales Independent Commission against Corruption noted that

“It requires no great leap of faith to suggest that anyone who has discretion to grant development approval, to rezone or to depart from stated requirements – whether they are elected officials or professional officers, and regardless of their level and political persuasion – is at risk of corrupt approaches. The greater the departure from the previous norm, the greater the corruption risk.”

ICAC, The Exercise of discretion under Part 3A of the Environmental Planning and Assessment Act 1979 and the State Environmental Planning Policy (Major Development) 2005, December 2010, p. 6.



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FACILITATED DISCUSSION

- PEPs may have a higher risk of corruption due to their access to state accounts or funds.
- The Authority responsible for a major event must identify such persons, as part of its risk assessment process, and take appropriate mitigating measures.
- Can you name examples of people who may fall in that category in relation to the organization of a major event?



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Questions for an assessment

Have a look at sections 1.1, 1.9, 1.10 of the Corruption Prevention Checklist.

Any questions, comments, suggestions?



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Key points to remember

- ✓ It is very important to establish a single authority (preferably by law) with clear and accountable governance, organizational and accountability structures.
- ✓ Certain individuals potentially represent a greater degree of risk of corruption.
- ✓ Some specific precautions must be taken by the Authority concerning potential conflicts of interest and its relationships with partners, agents, consultants, lobbyists, and politically exposed persons (PEPs).
- ✓ All persons directly involved in financial decisions concerning the organization of a major event are potential targets for bribes due to their position or function in that organization.