Safeguarding against Corruption in Major Public Events

Participant Manual

Content

Introduction

1. Understanding and managing the risk of corruption in the organization of a major event

There is a high risk of corruption in the organization of major public events, such as international sporting, cultural or high-level political events. This is largely because such events involve significant resources and large amounts of funds as well as complex logistical arrangements within very tight timeframes. That risk may be heightened by insufficient anti-corruption policies and systems in place within the host country. Even when strong policies and systems exist, the organization of a major event creates new opportunities for corruption and requires targeted action to identify, assess and manage this additional risk.

The organization of a major event involves the management of public funds and public property and cannot take place without the significant involvement and contribution of public officials, agencies and institutions.[1] Throughout the planning process and even after, opportunities for corruption abound and can threaten the very success of the whole event. Understanding and addressing the risk of corruption in that particular context needs to be treated as a priority by all those involved in preparing for and managing a major event. Unfortunately, this is not always the case. The implementation and monitoring of adequate corruption prevention measures during the organization of major events are not always grounded in good practices nor necessarily consistent with established norms and regulations.

The organization of a major event puts existing anti-corruption measures to the test. It also offers an opportunity to demonstrate the efficacy of key corruption prevention measures and to leave a positive legacy of integrity in large public sector projects.

The United Nations Convention against Corruption (UNCAC or the Convention) constitutes a comprehensive framework for designing and implementing anti-corruption safeguards in the high-risk environment created by the organization of a major public event. The Convention is therefore a centrepiece of this workshop. The workshop will therefore refer to the relevant

---

[1] Article 2(a) of the United Nations Convention against Corruption provides a comprehensive definition of "public official", a definition which would typically encompass most of the people directly involved in the organization of a major event on behalf of the host government.

provisions of the Convention and identify some effective corruption prevention practices applicable to various aspects of the organization of a major event.

It is important for all those who are involved in an aspect of the organization or planning of a major event to gain an understanding of the risk of corruption associated with such an initiative and the need to design comprehensive strategies to manage that risk as effectively as possible.

2. Corruption risk management

A risk management approach is particularly well suited to prevent corruption in in the organization of a major public event. A strategic risk management approach to the prevention of corruption during the organization of a major event is needed. Specific elements of such a risk mitigation approach will be reviewed during the workshop.

As we will see later, a systematic assessment of the risk of corruption related to every major aspect of the organization of the event is essential to support such an approach. The assessment provides the foundation for the development and implementation of a proper corruption risk mitigation strategy.

A corruption risk assessment process should be implemented by the various agencies, governments and other stakeholders involved in bidding for or organizing a major international event. As a starting point for such an exercise, a "checklist" was developed to assist stakeholders in reviewing their own preparedness and capacity to prevent, detect and respond to corruption while ensuring the successful organization of the event. The Checklist is appended to Guide and the Participant Manual.

In this Manual, we refer to the organization responsible for the organization of a major event as the "Authority". As we will see, there are various organizational and governance models possible, but we will use the term "the Authority" to generically refer to the organization designated by law or otherwise to organize the major event or is responsible for coordinating organizational activities.

3. Key aspects of the organization of a major event

The Manual examines the key aspects of the organization of a major event, including:

- Governance, accountability and leadership
- Human resources, including the recruitment, selection, training and management of personnel
- Financial management
- Public procurement

- Development of major infrastructure and construction
- Security infrastructure and arrangements
- Private sector involvement
- Post-event activities

Each of these aspects is vulnerable to corruption in different ways and faces its own risks of corruption. Every aspect therefore requires specific measures in order to reduce the project's overall vulnerability to corruption. Risk mitigation strategies must be in place, compliance with these measures must be strictly monitored and incidents of corruption must be detected and met with a prompt and effective response.

4. The Manual

Objectives of the Manual

The overall objective of the Manual is to offer an introduction to the concepts and tools required in order to identify an organization's vulnerability to corruption, assess the specific risks of corruption associated with the organization of a particular event, and design effective measures to mitigate these risks.

You will also learn to use a risk assessment tool designed to identify the risks of corruption associated with various aspects of the organization of a major event and assess an organization's readiness to prevent corruption and mitigate these various risks.

The Manual is designed to be used as a companion to a five-day workshop on the same topic and to complement UNODC's Handbook on "The United Nations Convention against Corruption: A Strategy for Safeguarding against Corruption in Major Public Events".

☺	**Questions for discussion**
	✓ Why does a country or an organization typically undertake to hold a major event? ✓ There are many potential benefits associated with a major international event. Is it not true that corruption can effectively rob every one of these benefits and jeopardize the success of the events?

.-.-.-.-.

Chapter 1: Organizational vulnerability to corruption: the risk management solution

1. Introduction

Organizations are vulnerable in different ways to various risk factors. Corruption is one of these risks and with it come other associated legal, financial, reputational risks. Modern organizations use strategic approaches to develop a readiness to deal with unexpected emergencies or events and to mitigate the various risks that their operations are facing. Risk management refers to methods and process used for forecasting and evaluating financial and other risks, for identifying policies, procedures and controls to avoid or minimize their impact, and for implementing and monitoring these various risk mitigation measures.

A risk-based approach is usually the main underlying principle of an effective anti-corruption strategy, as outlined in this Manual.

2. Objectives

This lesson is meant to introduce you to some of the basic concepts and principles of risk management as they apply to the prevention of corruption and associated fraudulent activities.

This chapter will help you understand what risk management and risk mitigation generally involve.

3. The risk management process

The process of risk management, whether applied to the risk of corruption or any other risk faced by an organization, is a continuous one. It can be conceptualized as a cycle including: risk identification; the analysis of the organization's exposure to the risk; the development of policies and of a risk mitigation strategy; the implementation of the strategy; an ongoing monitoring

of compliance with the various risk mitigation measures; integrity testing; and a re-evaluation of the risks and a refinement of the strategy.

4. Terminology

Risk assessment: Determining the likelihood of identified risks materializing and the magnitude of their consequences if they do materialize.

*Risk of corruption***:** The probability of a corruption incident occurring and an organization's specific level of exposure to that risk.

Risk management: Methods and process, governed by operational policies, used for forecasting and evaluating financial and other risks and assessing an organization's exposure to them, for identifying procedures and controls to avoid or minimize their impact (risk mitigation measures), and for implementing and monitoring these various risk mitigation measures.

*Risk identification***:** Determining what risks exist or are anticipated, their characteristics, source, remoteness in time, and possible impact.

Risk mitigation: A systematic reduction in the extent of exposure to a risk and/or the likelihood of its occurrence. Also called risk reduction.

Risk mitigation plan: A plan, based on a proper risk assessment, to systematically reduce the extent of exposure to a risk and/or the likelihood of its occurrence (vulnerability of the organization to that risk).

Integrity testing (also: integrity assessment): A form of audit in which the risk mitigation strategies and the control process that have been put in place are tested to ascertain that they are actually applied and, if so, with what results.

5. Major events affected by corruption

At times, many major international events have been affected by corruption and have even seen their success compromised because of lack of attention to the risk of corruption.

	Case Study: The Organization of the Commonwealth Games in India.

"The country won a record haul of 101 medals which was the highest ever in international events of this nature wherein we had participated earlier. The opening and closing ceremony were spectacular.

Despite such phenomenal success of our athletes and sportspersons, the events leading to the conduct of the games had attracted severe adverse attention. There were reports of irregularities in the aware of contracts, delays in construction of stadia, games village and related infrastructure, procurement of equipment of inferior quality or purchase of

routine items at exorbitantly high prices. The Media as also other agencies were vociferously pointing fingers at Government and the OC [Organizing Committee] on account of both delays in the preparedness and also excessive expenditure. There were not only veiled allegations of serious leakage of Government funds and favouritism in awards of contracts, but also direct indictment of officials in positions in the different agencies entrusted with either the hosting of the games or developing stadia and associated infrastructure. Such adverse publicity undermined the tremendous achievements of our sports persons, and indeed, even the successful conduct of the games."

"In our opinion, the unique challenge of managing and monitoring the activities of multiple agencies for delivering the Games Project should have been met by entrusting its stewardship to a single point of authority and accountability, with adequate mandate to ensure all deliverables in time, to cost, and to specified quality standard." (...)

"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 in time. This approach was not methodical, consistent and effective, and also led to complete diffusion of accountability." (...)

"Even while approving submission of the IOA bid in May 2003, and providing liability and deficit guarantees in the September 2003, the Government of India (GOI) did not have a clear and realistic assessment of the estimated cost of hosting the Games. (...)

The internal control environment and decision making structures within the Organizing Committee (OC) were highly inadequate. The state of documentation in the OC was so inadequate that we are unable to derive assurance as to either their authenticity or the completeness of records."(...)

"Contract management by the OC was irregular and deficient. The state of contract documentation is such that we are neither sure of the entire sequences of events leading to awards of contracts, nor about the total number of contracts and work orders awarded. We are also unable to ascertain complete contract-wise payments and outstanding liabilities." (...)

"We found that the OC managed the work force in an arbitrary and ad hoc manner leaving ample scope for patronage, favouritism and nepotism in the appointment and promotion of officials. Security and reference checks were not carried out for most employees. Certain employees, whose past records should have rendered them unfit for appointment in the o, were nevertheless appointed." (...)

"The modus operandi observed over the entire gamut of activities leading to the conduct of the Games was: inexplicable delays in decision making, which put pressure on timelines and thereby led to the creation of an artificial or consciously created sense of urgency. Since the target data was immovable, such delays could only be overcome by seeking, and liberally granting, waivers in laid down governmental procedures. In doing so, contracting procedures became a very obvious casualty. Many contracts were then entertained based on single bids, and in fact, some of them were even awarded on nomination basis. Taking liberties with governmental procedures of the aforementioned kind led to elimination of competition. A conclusion form such action which seems obvious is that this could indeed have been an intended objective! Eliminating competition led to huge avoidable extra burden on the exchequer." (...)

Source: Comptroller and Auditor General of India (2011). *Audit Report on XIXth Commonwealth Games 2010*. Delhi: Union Government (Civil) Report No. 6 of 2011-12, pp. 6-35.

http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/uni
on_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits
/Report_No_6_CWG/Report_no_6_CWG.html

Questions to consider:

- What do you think went wrong in this particular case in terms of corruption and fraud prevention?
- Could these problems have been anticipated and prevented?
- What lessons can we draw from that experience?

For an example of the negative coverage of the event that followed the publication of India's Auditor and Comptroller General on the Commonwealth Games, see*: "*India's 'World Class' Heist: What the Commonwealth Games Audit Shows*", b*y Mitu Sengupta:

mrzine.monthlyreview.org/2011/sengupta090811.html

6.   Key points to remember

- No organization is immune to the risk of corruption.

- Modern organizations use strategic approaches to develop a readiness to mitigate the various risks they face, including the risk of corruption.

- Risk management refers to a process, governed by operational policies, used for: forecasting and evaluating financial and other risks as well as the level of an organization's exposure to these risks; identifying procedures and controls to avoid or minimize their impact; and, implementing and monitoring these various risk mitigation measures.

- A risk-based approach is a major underlying principle for every element of an anti-corruption strategy.

- Failure to prevent corruption can threaten the success of the whole event.

.-.-.-.-.

Chapter 2: Challenges associated with the organization of major events

1. Introduction

As we have seen, there opportunities for corruption abound during the organization of a major public event and that can threaten the very success of that event. That risk may be heightened by the weak anti-corruption policies and systems in place within the host country, but even when strong policies and systems exist, the organization of a major event can create new opportunities for corruption. Even when well-established regulatory systems exist, the organization of a major event can create new opportunities for corruption and may require targeted action to identify, assess and manage this additional risk.

It is important to understand and address the risk of corruption that exists in that particular context. What is it about the organization of a major public even that makes it particularly vulnerable to fraud and corruption?

This said, it is also important to recognize that the hosting of a major event is also an opportunity to demonstrate the efficacy of key corruption prevention measures and to leave a very positive legacy of integrity in large public sector projects.

2. Objectives

The main purpose of this chapter is to reflect on the reasons why the organization of a major international event is likely to offer unprecedented opportunities for corruption and fraud. Another goal of this chapter is to demonstrate that the organization of a major event is also an opportunity to significantly improve corruption prevention measures in the public sector and even to showcase the strength of a country's corruption prevention institutions and mechanisms.

At the end of this chapter, you should understand why major international events hold a very high risk of corruption, be able to identify the major challenges associated with the organization of such an event and understand how they may create a specific vulnerability to corruption

3.   Costs escalations and corruption

There are numerous examples of major events where the organizers and sponsors have underestimated the costs of the preparations and installations. These cost overruns may not necessarily be the results of corruption, but they often are. Corruption can rapidly and grossly inflate the costs associated with a major event. In any event, a major and unpredicted inflation of the costs typically leads to allegation of incompetence, fraud and corruption.

	Case Study: Rapid Escalation of the Costs of Holding a Major Event

In a study of cost overruns in the Olympic Games, two researchers of the Saïd Business School, University of Oxford examined the costs of the Games over half a century, including both summer and winter Olympics. They looked at the evolution of final reported costs and compared these to the costs established in the Games bids, submitted to the International Olympic Committee (IOC) up to seven years before the Games occurred. In so doing they established the largest dataset of its kind and documented for the first time in a consistent fashion the costs and cost overruns for the Olympic Games, from 1960 to 2012.

They discovered that the Games stand out in two distinct ways compared to other megaprojects: (1) The Games overrun with 100 per cent consistency. No other type of megaproject is this consistent regarding cost overrun. Other project types are typically on budget from time to time, but not the Olympics. (2) With an average cost overrun in real terms of 179 per cent – and 324 per cent in nominal terms – overruns in the Games have historically been significantly larger than for other types of megaprojects, including infrastructure, construction, ICT, and dams. The data thus show that for a city and nation to decide to host the Olympic Games is to take on one of the most financially risky type of megaproject that exists, something that many cities and nations have learned to their peril.

For the London 2012 Games, they found that: (1) With sports-related real costs currently estimated at USD14.8 billion, London is on track to become the most costly Olympics ever. (2) With a projected cost overrun of 101 per cent in real terms, overrun for London is below the historical average for the Games, but not significantly so. (3) The London cost overrun is, however, significantly higher than overruns for recent Games since 1999. London therefore is reversing a positive trend of falling cost overruns for the Games

Source: Bent Flyvbjerg and Allison Stewart (2012). *Olympic Proportions: Cost and Cost Overrun at the Olympics 1960-2012*. Saïd Business School working papers, The University of Oxford.
http://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2382612_code1935014.pdf?abstractid =2238053&mirid=1

Sochi 2014: As widely reported by the media, the Russian town of Sochi hosted the most expensive Olympic Games ever at a cost of about $50 billion. The price tag, which includes a major upgrade to Sochi's infrastructure, outstrips the $40 billion China is thought to have spent on the Beijing Summer Games. And it's more than three times the cost of London 2012. When it won the bid in 2007, the costs of the Winter Games were estimated at $12 billion. That figure ballooned as a huge effort to build new sporting venues, roads and hotels gathered pace.

Questions to consider:

- Are cost-overruns in the organization of a major event necessarily a sign of

corruption?

- Can costs escalation be attributed in certain cases to corruption?
- In your view, could the cost escalations described in the case study have been anticipated and prevented?

4. Factors increasing the vulnerability to corruption of a major event

Some of the typical characteristics of a major public event may increase the risks of corruption during its organization and delivery. The Authority responsible for the event may become particularly vulnerable to corruption, given the number and potential magnitude of the risk factors at play. Some of these risk factors may simply result from the unique opportunities created by the organization of such events – the significant sums of money and often huge resources involved, the large number of contracts to be issued, or the special sources of revenue, such as royalties, sponsorship contracts, branding and marketing opportunities, and broadcasting rights. Other risk factors may result from the "unique character" of major events and the fact that their organization faces an imperative to complete all the necessary preparations under difficult conditions, unusual constraints and pressing time lines.

5. Specific challenges

The stakes involved in organizing a highly-publicized and internationally anticipated major public event can be very high. Any failure is potentially rife with financial, economic, and political consequences for the responsible agency, sponsors and the country involved. Additionally, the political nature or the politicization of such events – including the close relationships between organizers, politicians, the private sector, sponsors and the media – can create a high-risk environment for corruption.

The exceptional nature of these events increases the likelihood that regulations and standard procedures might be relaxed or set aside during the special situation as many different actors are involved and resources arrive from less familiar sources, often travelling through unfamiliar channels.

The shortness of time may make it difficult for existing monitoring, auditing and accountability mechanisms to effectively perform their functions and have the desired impact. As a result, the necessary independent oversight of activities might be lacking and the allocation of public funds may not be transparent or subject to adequate controls.

The organization of major events is often delegated to a special, dedicated team or agency that does not always fit squarely within existing public management structures and processes. This may create governance issues and potential

weaknesses in efficiency, transparency and accountability. A team's relative inexperience with respect to the organization of such a large-scale event adds to the risk of corruption as excessive responsibility, power and money may be given to event organizers who may not necessarily have the required managerial and organizational skills. As a result, the decision-making, implementation and monitoring processes that are relied upon to manage the organization of a major event are not always grounded in good practices and may stray from normally accepted procedures.

The fact that major events usually require the recruitment, hiring, training and supervision of a large staff, directly or indirectly, is another source of vulnerability, particularly if the human resources management infrastructure that is relied upon is new, untested, or even improvised.

Major events also require the procurement of goods, infrastructure and services on a very large scale, usually with significant time constraints. This can test the limits and efficiency of existing procurement practices, procedures and regulations and potentially lead an organization to circumvent established procurement procedures and bidding processes.

The complexity of the numerous contracting and sub-contracting arrangements involved in the organization of major events, either with private companies or public sector agencies, often on an international scale, is another source of challenges for event organizers. These complexities create major opportunities for corruption, most notably in the form of influence peddling and the bribing of decision-makers at all levels of the planning and operational stages.

Within government or the specially created agency responsible for the organization of a major event, the measures in place to protect individuals who may report incidents of corruption, fraud and intimidation (often referred to as whistle-blowers) are often insufficient and untested. There may also be limited capacity to respond to such reports within the short timelines under which the major event is being organized.

The fact that the news and entertainment media may be closely connected with event organizers (or even dependent upon them through sponsorship arrangements, the sale of broadcasting rights or other such arrangements or promise of such arrangements) may limit the independence and impartiality of journalists and their ability to expose corruption.

In particular, with respect to large-scale sports competitions, the low level of accountability and transparency within the huge international sporting industry presents a high risk for corruption. Transparency International notes how the close-knit relationship among sporting officials, politicians, business people, sponsors and the media can create a high-risk context for corruption to occur.[2]

---

[2] Transparency International (2009). *Corruption and Sport: Building Integrity and Preventing Abuses*. Berlin: Transparency International, p. 1.

The low levels of managerial, organizational, financial and marketing skills create an environment in which risks and abuses are more likely. These problems are most apparent when it comes to how the industry deals with match-fixing, the influence of organized crime, governance, infrastructure construction, sponsorships, and the media.

6.   Key points to remember

- Major international events hold a very high risk of corruption, in part because of their special nature and unique requirements.

- The organization of a major event is also a very significant opportunity to demonstrate the efficacy of key corruption prevention measures and to leave a positive legacy of integrity in large public sector projects.

- There are major challenges associated with the organization of major events and each of them may render the whole initiative particularly vulnerable to large scale corruption.

- The costs of organizing a major event can be substantially increased as a result of corruption.

.-.-.-.-.

Chapter 3: The United Nations Convention against Corruption (UNCAC)

1. Introduction

Preventing corruption is a pre-requisite to the success of the organization of a major public event. The various vulnerabilities and risks of corruption we have identified so far can be addressed within the framework provided by the United Nations Convention against Corruption (the Convention or UNCAC), in particular under Chapter II, which requires States parties to introduce effective policies for the prevention of corruption.

This chapter will introduce the purpose and main elements of the Convention and examines the different types of corruption defined by the Convention. It concludes with a short introduction to the task of preventing corruption.

2. Objectives

This chapter explains and illustrates how the United Nations Convention against Corruption provides a useful framework for the prevention of corruption in the organization of major events. At the end of this chapter, you should be generally familiar with the Convention and aware of its purpose.

3. The Convention

The United Nations Convention against Corruption was adopted by the General Assembly in October 2003 and has been widely ratified[3]. It is the only legally binding universal anti-corruption instrument. The Convention's far-reaching approach and the mandatory character of many of its provisions make it a unique tool for developing a comprehensive response to a global problem. UNCAC covers five main areas: prevention, criminalization and law enforcement measures, international cooperation, asset recovery, and technical assistance and information exchange.

The purpose of the Convention is to:

- Promote and strengthen measures to prevent and combat corruption more efficiently and effectively;

---

[3] 172 Parties as of 31 October 2014:
http://www.unodc.org/unodc/en/treaties/CAC/signatories.html

- Promote, facilitate, and support international cooperation and technical assistance in the prevention of and fight against corruption, including in asset recovery;

- Promote integrity, accountability and proper management of public affairs and public property.

UNCAC is an innovative anti-corruption instrument as it addresses not only major manifestations of corruption, such as bribery and embezzlement, but also acts carried out in support of corruption, such as obstruction of justice, trading in influence and the concealment or laundering of the proceeds of corruption. Furthermore, UNCAC addresses not only business relationships with public officials, including state-owned enterprises, but also private-to-private relationships (relationships among companies).

Like all international treaties, UNCAC is legally binding on States that have ratified or acceded to it. States that are parties to the Convention are required to implement its provisions through the adoption and enforcement of national legislation, policies and practices. However, UNCAC contains a number of provisions that, while addressed to States, will have a direct impact on the corporate community. Furthermore, while UNCAC is legally binding only on countries that have ratified it, its values and principles are applicable to the widest spectrum of society, including the private sector.

Under the Convention, a State party is required to introduce policies and programmes to prevent and control corruption. The Convention requires a number of measures relating to both the public and private sectors. The Convention stresses the importance of preventing corruption before it occurs. It also requires the criminalization of a number of specific conducts such as bribery, illicit enrichment, abuse of functions, trading in influence, embezzlement, or misappropriation or other diversion of property by a public official.

Very importantly, UNCAC provides a strong framework for international cooperation in fighting corruption, particularly with respect to asset tracing, freezing and seizure, as well as asset recovery and anti-money laundering measures. It encourages cooperation between national anti-corruption agencies and other law enforcement agencies involved in the fight against organized crime and corruption.

4. Definition of corruption

UNCAC does not provide a definition of corruption. Corruption may encompass a variety of illegal acts, making it challenging to establish a universally acceptable and understandable definition. During the negotiations of the United Nations Convention against Corruption, United Nations Member

States carefully considered whether to develop a legal definition of corruption. It was concluded that any attempt at a comprehensive definition would inevitably fail to address some forms of corruption. As a consequence, the international community reached consensus on certain manifestations of corruption while leaving each State free to go beyond the minimum standards set forth in the Convention.

Put simply, corruption is the abuse of entrusted power for private gain. For a public official, it involves giving or obtaining an advantage through illegitimate means or through means inconsistent with his/her duties.

5. Types of corruption

The United Nations Convention against Corruption lists offences that State parties must establish as crimes (mandatory criminalization) as well as offences that States parties are required to consider establishing. The Convention introduces minimum standards, but States parties are free to go beyond them. States may criminalize or have already criminalized conduct other than the offences listed in UNCAC.

They are:

- Bribery in the public sector
- Bribery in the private sector
- Embezzlement, misappropriation or other diversion of property by a public official
- Trading in influence
- Abuse of functions
- Illicit enrichment

As will be seen, any of these forms of corruption can be linked in one way or another to various aspects of the organization of a major event.

Bribery

Bribery is the act of conferring a benefit in order to improperly influence an action or decision. It can be initiated by an official who asks for a bribe, or by a person who offers to pay one.

Bribery

Public sector:

"The following specific corrupt conducts relating to public officials must be treated as serious crimes:

(a) The promise, offering or giving, to a public official, directly or indirectly, of an undue advantage, for the official himself or herself or another person or entity, in order

16

that the official act or refrain from acting in the exercise of his or her official duties;

(b) The solicitation or acceptance by a public official, directly or indirectly, of an undue advantage, for the official himself or herself or another person or entity, in order that the official act or refrain from acting in the exercise of his or her official duties." (Article 15 of UNCAC).

Private sector:

"Each State Party shall consider adopting such legislative and other measures as may be necessary to establish as criminal offences, when committed intentionally in the course of economic, financial or commercial activities:

(a) The promise, offering or giving, directly or indirectly, of an undue advantage to any person who directs or works, in any capacity, for a private sector entity, for the person himself or herself or for another person, in order that he or she, in breach of his or her duties, act or refrain from acting;

(b) The solicitation or acceptance, directly or indirectly, of an undue advantage by any person who directs or works, in any capacity, for a private sector entity, for the person himself or herself or for another person, in order that he or she, in breach of his or her duties, act or refrain from acting." (Article 21 of UNCAC)

A distinction is often made between "**active bribery**" and "**passive bribery**". "Active bribery" usually refers to the act of offering or paying a bribe, while "passive bribery" refers to the requesting or receiving of a bribe. A corrupt transaction may be initiated under either rubric: by a person who offers a bribe or by an official who requests or demands one.

A "bribe" can also describe a payment extracted by a public official from a member of the public as precondition to receiving the service to which he or she is entitled. Strictly speaking, such a transaction is a form of "extortion".

UNCAC requires that both active and passive briberies be treated as serious crimes whether they involve public officials (article 15), foreign officials (article 16), or the private sector (article 21).

Common Characteristics of Bribery

- The "benefit" conferred by a "bribe" can take a variety of forms: cash, luxury items, mobile phone credits, drugs, inside information, sexual or other favours, entertainment, employment or the mere promise of a benefit in the future (such as a post-retirement job).

- The benefit of a bribe can pass directly to the person bribed, or indirectly to a third party such as a friend, a relative, or an associate of the official.

- An official may receive bribes from other officials who are in collusion with corrupt individuals and criminals.

- A bribe can be paid "according to the rule" (to obtain something the official is withholding but is under a public duty to provide, such as a permit or licence); or it can be "against the rule" (a payment to encourage an official to ignore the rules

> in favour of or at the request of the person offering the bribe).
>
> - Bribes can be paid individually, on a case-by-case basis, or as part of a continuing relationship in which officials receive regular benefits in exchange for regular favours.
>
> - Once bribery has occurred, it can lead to other forms of corruption. By accepting a bribe, an official is compromised and becomes vulnerable to being blackmailed and coerced into further, and more serious, derelictions of his or her duties.

Embezzlement, misappropriation or other diversion of property by a public official

Embezzlement, theft and fraud all involve stealing by an individual exploiting his or her position of employment in either the public service or the private sector and constitute corruption. In the case of embezzlement, property is taken by someone to whom it has been entrusted. The property may belong to people with whom an official is dealing in his or her official capacity. In some cases, it may resemble extortion.

Embezzlement, misappropriation or other diversion of property

Embezzlement, misappropriation or other diversion of property by a public official:

"Each State Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences, when committed intentionally, the embezzlement, misappropriation or other diversion by a public official for his or her benefit or for the benefit of another person or entity, of any property, public or private funds or securities or any other thing of value entrusted to the public official by virtue of his or her position." (Article 17 of UNCAC)

Embezzlement in the private sector:

"Each State Party shall consider adopting such legislative and other measures as may be necessary to establish as a criminal offence, when committed intentionally in the course of economic, financial or commercial activities, embezzlement by a person who directs or works, in any capacity, in a private sector entity of any property, private funds or securities or any other thing of value entrusted to him or her by virtue of his or her position." (Article 22 of UNCAC)

Trading in influence

Trading in influence involves the promise, offering or giving to a public official or any other person, directly or indirectly, of an undue advantage to get that person to abuse his or her influence (real or supposed) in exchange for an undue advantage for oneself. It may also involve the solicitation or acceptance of such an undue advantage by a public official or any other person.

Trading in Influence

"Each State Party shall consider adopting such legislative and other measures as may be necessary to establish as criminal offences, when committed intentionally:

(a) The promise, offering or giving to a public official or any other person, directly or indirectly, of an undue advantage in order that the public official or the person abuse his or her real or supposed influence with a view to obtaining from an administration or public authority of the State Party an undue advantage for the original instigator of the act or for any other person;

(b) The solicitation or acceptance by a public official or any other person, directly or indirectly, of an undue advantage for himself or herself or for another person in order that the public official or the person abuse his or her real or supposed influence with a view to obtaining from an administration or public authority of the State Party an undue advantage." (Article 18 of UNCAC)

Abuse of function

An abuse of functions or position is the performance of or failure to perform an act, in violation of laws, by a public official in the discharge of his or her functions, for the purpose of obtaining an undue advantage for himself or herself or for another person or entity.

In some cases, corruption involves the abuse of function or discretion. Such abuses are often associated with bureaucracies in which there are broad individual discretions and inadequate oversight and accountability structures. They also flourish where decision-making rules are so complex that they neutralize the effectiveness of any accountability mechanisms that do exist.

Abuse of function

"Each State Party shall consider adopting such legislative and other measures as may be necessary to establish as a criminal offence, when committed intentionally, the abuse of functions or position, that is, the performance of or failure to perform an act, in violation of laws, by a public official in the discharge of his or her functions, for the purpose of obtaining an undue advantage for himself or herself or for another person or entity." (Article 19 of UNCAC)

Illicit enrichment

The criminalization of illicit enrichment is something to be considered by States parties to UNCAC (article 20), which defines it as the "significant increase in the assets of a public official that he or she cannot reasonably explain in relation to his or her lawful income." Illicit enrichment is also prescribed as an offence in the Inter-American Convention against Corruption (IACAC) and the African Union Convention on Preventing and Combating Corruption (AUCPCC) under comparable definitions. Illicit enrichment

specifically targets public officials. It refers to a situation when a public official's assets are greater than what he or she can be expected to have. National illicit enrichment laws typically identify public officials as the persons of interest—the individuals who may be prosecuted for the crime. They sometimes also limit the period of time over which a person is considered a person of interest.

Illicit enrichment

"Subject to its constitution and the fundamental principles of its legal system, each State Party shall consider adopting such legislative and other measures as may be necessary to establish as a criminal offence, when committed intentionally, illicit enrichment, that is, a significant increase in the assets of a public official that he or she cannot reasonably explain in relation to his or her lawful income." (Article 20 of UNCAC)

Resource and learning material: Persons of Interest and Period of Interest in Defining Illicit Enrichment

Public officials defined as the "***persons of interest***" are those who may be prosecuted for the crime. There is a clear preference among states for including expansive definitions of public officials in both the conventions and national legislation. Article 2 of UNCAC defines "public official" as: (i) any person holding a legislative, executive, administrative, or judicial office of a state party, whether appointed or elected, whether permanent or temporary, whether paid or unpaid, irrespective of that person's seniority; (ii) any other person who performs a public function, including for a public agency or public enterprise, or provides a public service, as defined in the domestic law of the state party and as applied in the pertinent area of law of that state party; (iii) any other person defined as a public official in the domestic law of a state party.

The "***period of interest***" refers to the period during which a person can be held liable for having illicitly enriched himself or herself. The clear delineation of a period of interest is intended to establish a nexus between the significant increase in wealth and the person of interest's engagement in the public sector (or activities of public interest). The definition or demarcation of a period of interest may also serve a practical purpose in setting a baseline for investigators. National authorities have adopted three approaches in determining the period of interest: coincidence with the performance of functions, a limited term after leaving their functions, and an open-ended period. Lessons learned from these various approaches demonstrate that the period of check generally overlaps with part of the public official's term in office.

Although UNCAC does not specifically recommend a temporal application of illicit enrichment, one may deduce that the reference to "public official" implies that, at minimum, the period of interest coincides with the public official's performance of his functions. This approach is also adopted in the IACAC and in many national laws. Some countries have sought to resolve this problem by extending the period of interest for several years after the public official has terminated his or her functions or term of office. Other countries have left the period of interest open-ended so that anyone who has ever been a public official may be held liable for an illicit

enrichment offense for the rest of his or her life.

Source:

Lindy Muzila, L., Morales, M., Mathias, M. and T. Berger (2012*). On the Take - Criminalizing Illicit Enrichment to Fight Corruption*. New York: The World Bank and UNODC, pp. 13-16.

http://www.unodc.org/documents/corruption/Publications/2012/On_the_Take-_Criminalizing_Illicit_Enrichment_to_Fight_Corruption.pdf

6. Emphasis of the prevention of corruption

An entire chapter of the Convention (Chapter 2) is dedicated to prevention, with measures directed at both the public and private sectors. These include model preventive policies, such as the establishment of anti-corruption bodies and enhanced transparency in the financing of election campaigns and political parties. States parties must endeavour to ensure that their public services are subject to safeguards that promote efficiency, transparency and recruitment based on merit. Once recruited, public servants should be subject to codes of conduct, requirements for financial and other disclosures, and appropriate disciplinary measures. Transparency and accountability in matters of public finance must also be promoted, and specific requirements are established for the prevention of corruption, in the particularly critical areas of the public sector, such as the judiciary and public procurement. Those who use public services must expect a high standard of conduct from their public servants. Preventing public corruption also requires an effort from all members of society at large. For these reasons, UNCAC calls on States parties to promote actively the involvement of non-governmental and community-based organizations, as well as other elements of civil society, and to raise public awareness of corruption and what can be done about it. Article 5 of UNCAC, specifically, enjoins each State party to establish and promote effective practices aimed at the prevention of corruption.

Perhaps one of the most striking aspects of Chapter 2 of UNCAC is the breadth of measures that it covers, including requirements in relation to the recruitment and management systems of civil servants, rules relating to the funding of political candidates and political parties, measures taken to address conflicts of interest and measures aimed at enhancing integrity and reducing corruption in the private sector.

There is an obligation for States parties to UNCAC to develop and implement or maintain effective anti-corruption policies that encourage the participation of society, reflect the rule of law, and promote sound, accountable, and transparent administration of public affairs and public property (article 5(1)). This mandate includes establishing and promoting effective practices aimed at the prevention of corruption.

Prevention of corruption

"1. Each State Party shall, in accordance with the fundamental principles of its legal system, develop and implement or maintain effective, coordinated anti-corruption policies that promote the participation of society and reflect the principles of the rule of law, proper management of public affairs and public property, integrity, transparency and accountability.

2. Each State Party shall endeavour to establish and promote effective practices aimed at the prevention of corruption.

3. Each State Party shall endeavour to periodically evaluate relevant legal instruments and administrative measures with a view to determining their adequacy to prevent and fight corruption.

4. States Parties shall, as appropriate and in accordance with the fundamental principles of their legal system, collaborate with each other and with relevant international and regional organizations in promoting and developing the measures referred to in this article. That collaboration may include participation in international programmes and projects aimed at the prevention of corruption." (Article 5 of UNCAC)

With respect to the organization of major public events, this could include enacting temporary or permanent special legislation or regulations to support the organization of a major event, establish new agencies, define the respective mandates of the relevant public authorities or specify the division of tasks and responsibilities amongst public and private partners.

Preventing corruption in relation to the organization of a major event is certainly made easier when the Authority responsible for the event can already rely on strong national corruption prevention laws and other mechanisms to prevent corruption in the public sector.

When such national mechanisms are inexistent or inadequate, the organization of a major event can provide an opportunity to showcase in a highly visible manner some new and effective anti-corruption strategies.

7. Key points to remember

- UNCAC, once ratified and implemented, provides a strong and comprehensive framework for designing and implementing broad anti-corruption measures to address the risk of corruption associated with the organization of major events.

- UNCAC provides definitions of various corruption offences.

- UNCAC requires State parties to take various measures to prevent corruption; most of those are relevant to the organization of a major event.

- The criminalization of illicit enrichment can facilitate both the prevention and the prosecution of corruption offences.

Chapter 4: Strategic planning to prevent corruption

1. Introduction

The goal of preventing corruption during the organization of a major event should be communicated clearly by the authorities and at the highest level possible. Once the goal of holding a "corruption-free" event has been formally adopted and announced, that commitment needs to be reflected in effective strategies to assess the risk of fraud and corruption, to devise and implement appropriate risk mitigation measures, and to monitor their impact. The prevention of corruption needs to be integrated into a broader risk management strategy for the whole of the initiative. It must also involve the active participation of all major stakeholders. The existing national anti-corruption legal framework may or may not be sufficient to support the corruption prevention effort required for the organization of a corruption-free event.

2. Objectives

This chapter will help you distinguish between preventive and reactive strategies and situate the strategic planning required to prevent corruption within the broader context of risk management. It will also emphasize the need to link prevention strategies to a country's integrity and anti-corruption legal framework. It should encourage you to become familiar with the anti-corruption legal framework of your country.

3. Reactive and preventive approaches

Without exception, discussions of anti-corruption strategies must include both preventive and reactive strategies which can complement each other. Efforts to prevent corruption in policing, for example, typically emphasize some basic strategies such as: adoption of a code of conduct; careful vetting of new recruits; integrity training; strengthening internal accountability measures, thereby restricting the inclination and ability of supervisors to claim ignorance and resist demands for collective and individual accountability; increasing attention to a 'nipping it in the bud' orientation through more engaged supervisory practices; and, abandoning policies and practices that permit and arguably even encourage corruption.

4. Legal framework

An effective legislative basis for anti-corruption strategies may or may not exist in a country hosting or bidding to host a major event. If the laws are not

already in place, the major event may offer a unique opportunity to proceed with the necessary legislative reforms.

International conventions, such as the UN Convention against Corruption or other regional or sectoral treaties to which the country concerned may be a party, need to be implemented through changes in domestic laws and policies. Each country may be at a different stage of achieving compliance with the requirements of these international instruments. National criminal laws, tax laws, or laws concerning the corruption of foreign officials or bribery in international commercial transactions may still require attention in order to achieve full compliance with the State's international anti-corruption commitments. You should make an effort to become familiar, if you are not already, with the anti-corruption legal framework of your country.

We also frequently hear about the need for specific laws and policies to address the dynamics of corruption in relation to major sporting events. Recent legislative initiatives seem to be motivated by a number of factors including: the lack of public scrutiny of the operations of major sporting federations; the enhanced role of private citizens through contracts in the planning and execution of major events; and, the significant toll that many believe is being levied on the reputation of several major international sporting events due to high-profile cases of match fixing and corruption.

5. A risk management approach to corruption prevention

A risk management approach to corruption prevention is a good way to ensure that the risks of corruption are identified, understood and effectively managed. It helps to identify structural weaknesses that may facilitate corruption, provide a framework for every level of the Authority to take part in identifying risk factors and risk mitigation measures, and embed corruption prevention within the Authority's governance framework.

There are examples of specific corruption prevention strategies developed to manage the risks associated with the organization of a major public event. Ex-post facto analyses of the risks of corruption and how they were mitigated are still rare, but have the potential to provide some important insights into the kind of vulnerabilities that are not easily avoided.

	Examples of planning to prevent corruption in the organization of a major event
	A strategic approach to the prevention of corruption was adopted by the Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG). As soon as it succeeded in its bid for the right to host the Games, the BOCOG set out the clear goal of organizing corruption-free Olympic Games and sought to ensure that the goal was adopted by the entire staff participating in the preparation of the event and was endorsed by the general

public. The Government produced guidelines on "Organizing a thrifty and corruption-free Olympic Games" which required that, throughout the process of preparing for the event, the total budget be kept under strict control, venue resources be optimally planned with reference to their post-Games utilization, and strict measures be taken to prevent corruption through enhanced education, perfection of institutions, and improved supervision. That message was reiterated by President Hu Jintao of China when he made an inspection tour of the venue construction projects in October 2006 and reminded all officials and stakeholders of the need for good management of resources, enhanced management supervision, and transparency in project spending and operations. Chinese President Hu Jintao stated that others can learn from the experience of the Beijing games, in order to better prevent corruption in future events. The early establishment of a supervision team greatly aided in the anti-corruption measured that were adopted during the organization of the event. A research team was also created to advise Olympic organizers how to avoid corruption during the planning of the games.

See: http://www.chinadaily.com.cn/2012olympics/2012-05/28/content_15403314.htm

In the preparation of the XXII Winter Olympic Games and the XI Paralympic Winter Games 2014 in Sochi, the XXVII World Summer Student Games 2013 in Kazan, and the Asian and Pacific Economic Cooperation Forum in Vladivostok in 2012, the Russian Federation adopted a corruption risk management approach, based on the role of several oversight, auditing and investigation agencies.

In Brazil, the Office of the Comptroller General (CGU), a Federal Government Internal Control body, is in charge of the Disciplinary System, the coordination of the Ombudsman System, and the Prevention of and the Fight against Corruption. It was centrally involved in the developing a strategy to prevent corruption in the relation to the organization of the World Cup competition (2014) and the Olympic Games scheduled for 2016. The focus of its prevention activities in that regard was on:

- Increased Transparency
- Incentive to Social Participation
- Management Strengthening
- Education for Ethics and Citizenship
- Public Spending Observatory
- Public-private cooperation
- Verification of Political Appointees
- Improved Legal Framework
- Implementation of International Conventions

See Transparency Portal: http://www.portaldatransparencia.gov.br

A part of the portal was created specifically to promote transparency concerning the organization of the 2016 Olympic Games:
http://www.portaldatransparencia.gov.br/rio2016/

6.   Readiness to hold a major event

To determine whether an *organization* has reached a minimum level of readiness to organize and hold a major event, one might ask the following questions:

- Has the *organization* adopted a strategic approach to the prevention of corruption?

- Is the prevention of corruption integrated into the *organization*'s broader risk mitigation strategies?
- Have all major stakeholders been involved or at least consulted in elaborating the *organization*'s corruption risk mitigation strategy?
- Are all major stakeholders well informed about the role they must play in preventing corruption in relation to the organization of the major event?
- Has the *organization* adopted a comprehensive corruption risk mitigation strategy?
- If the *organization* has a risk mitigation strategy, does it carefully monitor its implementation?
- If the *organization* has a risk mitigation strategy, is the strategy reviewed and updated regularly?

7. Key points to remember

- It is very important to develop and implement a comprehensive and strategic prevention plan to mitigate the risk of corruption in the organization of a major event.

- A country's legislative framework should support the corruption prevention planning exercise.

- Corruption prevention plans must be revisited, updated and improved constantly.

- A corruption prevention strategy consists essentially of a corruption risk mitigation plan.

- A corruption risk mitigation plan should ideally be integrated with a broader risk mitigation strategy for the organization of major event.

.-.-.-.-.

Chapter 5: Risk assessment, the foundation of risk management

1. Introduction

An Authority which is serious about preventing corruption in the organization and delivery of a major public event should be prepared to conduct, as early as at the bid stage, a basic assessment of the risk of corruption and review its own ability to address that risk. It is absolutely crucial for that Authority to proceed as soon as possible, and regularly thereafter, with a proper identification and assessment of the risk of corruption it faces. Every Authority faces a variety of risks from external and internal sources. It is exposed to these risks in different ways and to different levels. A risk assessment involves a dynamic process through which the Authority can identify and assess the risks to the achievement of its objectives, including the risk of corruption and fraud, as well as its own level of exposure to these risks.

The chapter will also present the *Corruption Prevention Checklist* developed by UNODC to facilitate an initial assessment of an Authority's readiness to prevent corruption in the organization of a major event. The Checklist can be found in UNODC's Handbook on "The United Nations Convention against Corruption: A Strategy for Safeguarding against Corruption in Major Public Events".

The importance of periodically and regularly assessing the strength of an Authority's risk mitigation measures is emphasized throughout the remaining chapters of this Manual.

2. Objectives

This chapter will help you understand the crucial importance of a proper corruption risk assessment process as a basis for a risk mitigation strategy. It should help you become familiar with UNODC's Corruption Prevention Checklist and understand how an assessment should ideally be conducted, involving all major stakeholders.

3. The importance of conducting a risk assessment

A corruption risk assessment is what forms the basis for identifying the various corruption risks to which an organization is exposed, evaluating the nature and extent of the organization's potential exposure to them, and determining how risks will be mitigated and managed. An assessment is the very foundation of a

risk mitigation strategy or risk management plan. Risk assessments should be periodically updated to identify any persisting, unmitigated or emerging risks. A responsible and collaborative approach to assessing and mitigating the risk of corruption should be favoured.

In assessing the risk of corruption and determining what level of risk may be acceptable, the Authority must understand not only the chances that corruption may occur, but also the cost of corruption if it does occur.

There may be a natural tendency of all parties involved in the organization of a major event or some part of it to try to shift any risk to other parties. In some instances, this may include a desire to shift the risk of corruption. There needs to be a process in place to ensure that all relevant stakeholders understand the risks associated with corruption, are prepared to share the responsibility for mitigating them, agree on who amongst them is best placed to control or mitigate those risks, and are aware of their respective responsibilities. Risk mitigation should not be transformed into a game of passing the risk to someone else.

International organizations responsible for major events usually require the groups or organizations bidding to host an event to present a risk assessment and a risk mitigation strategy. These should include the proposed measures to mitigate the risk of corruption in the organization of the event.

It is useful to subject a newly formed Authority to a corruption prevention readiness review exercise using a systematic process supported by, for example, the Checklist provided in UNODC's Handbook on "The United Nations Convention against Corruption: A Strategy for Safeguarding against Corruption in Major Public Events". The review should be conducted regularly thereafter. The prompt and effective implementation of the recommendations of such a review can be assisted by follow-up exercises directly involving the management of the organization and documenting the progress made in implementing more robust prevention measures.

4. Conducting an assessment

Given the particular objectives and focus of a corruption risk assessment, it can be beneficial to conduct such as assessment as a stand-alone exercise. Nonetheless, it may be efficient or expedient to conduct a corruption risk assessment as part of a broader risk assessment and mitigation exercise, including for example the risk of various liabilities, uncontrolled cost escalation, fraud, and delays in delivering the infrastructure or equipment needed for the event. Integrated and comprehensive risk management strategies and processes can be very efficient.

An integrated risk assessment exercise can help identify how corruption may itself render other aspects of the major event more vulnerable: for example, corruption in the procurement of security services may render some security arrangements inoperable and corruption in the procurement process may lead to the procurement of below-standard or even dangerous equipment or facilities.

5.   The Corruption Prevention Checklist

The Corruption Prevention Checklist has been prepared to assist those who are responsible for the organization of a major event in reviewing their organization's preparedness and capacity to prevent, detect and respond to corruption while ensuring the successful organization of the major event.

It is a self-administered process-based tool designed to assist an Authority, a government, or other stakeholders in developing a comprehensive approach to corruption prevention with respect to the organization and staging of a major event.

Any group or organization involved directly or indirectly in the organization of a major event or preparing a bid to host such an event can use the Checklist to conduct a review. However, this type of summary review is not a substitute for a comprehensive and systematic corruption risk assessment.

The Checklist is divided into nine main sections:

1.   General corruption prevention measures
2.   Personnel and human resources management
3.   Financial management
4.   Public procurement
5.   Major infrastructure and construction
6.   Security infrastructure and arrangements
7.   Private sector involvement
8.   Detection of corruption and enforcement
9.   Post-event activities

Each section is subdivided into a number of key areas and, for each one of these, a number of specific assessment questions are listed and suggestions are offered concerning relevant good practices.

In the Checklist, when appropriate, a "red flag" (🚩) warns about factors and observations that may signal an enhanced or specific risk or vulnerability in relation to corruption.

The following chapters will generally follow the structure of the Checklist. Each one of them will be concluded with a review of the relevant questions included in the Checklist. You are invited to review these questions and reflect on how they would apply to your own organization. You may even think of further questions you may wish to ask in your own context.

6.   Key points to remember

- It is very important to conduct a corruption risk assessment as a basis for corruption prevention planning.

- Such an assessment involves a fairly complex, and potentially costly process. It can be integrated with other risk identification, management and mitigation process.

- A corruption risk assessment process should ideally be conducted in manner which involves and engages all major stakeholders.

- UNODC's Corruption Prevention Checklist was prepared to assist those who are responsible for organizing a major event in reviewing their organization's preparedness and capacity to prevent, detect and respond to corruption while ensuring the successful organization of the major event.

- The Corruption Prevention Checklist is a self-administered process-based tool designed to assist an Authority responsible for a major event, a Government, or other stakeholders in developing a comprehensive approach to corruption prevention with respect to the organization and staging of a major event.

.-.-.-.-.-.

Chapter 6: Institutional capacity

1. Introduction

It is usually preferable to have a singular Authority with overall responsibility for the organization of the event and a leadership role in coordinating the activities of the numerous stakeholders involved in the process. There is a great deal of evidence of the serious difficulties which tend to occur when this model is not used.

This Authority may be a government body or an independent entity subject to all government management and accountability standards and policies. While multiple and inclusive committees are critical to informed planning and operational readiness, the absence of centralized governance, management and accountability structures may heighten the risk of corruption.

The Authority must have a clear and appropriate legal mandate and an effective, transparent, and accountable governance structure. There must be, within the Authority, an institutional capacity to manage the whole process of organizing and staging a major event and to manage the flow and expenditure of public funds, as well as an oversight capacity to monitor progress in the preparations for the event and the development of the necessary infrastructures.

If the responsibility for any of the various oversight functions is assigned to existing government departments or agencies, it is important to clearly define the respective roles of each institution/agency, to ensure that they have the necessary expertise and resources at their disposal and that adequate coordination and cooperation mechanisms exist.

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.

2. Objectives

This chapter will draw your attention to the importance of establishing a single Authority responsible for the organization of the major event, with a clear and appropriate legal mandate and an effective, transparent, and accountable governance structure. You will look at several models for establishing a single Authority responsible for the organization of a major event.

The chapter also refers to the need for an Authority to take a number of specific precautions concerning partners, agents, consultants, lobbyists, and politically exposed persons (PEPs).

3. 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 and may decide to set a legislative framework for the governance of the Authority and the project as a whole.

Specific oversight mechanisms must be established to monitor the flow and expenditure of public funds, to monitor the effectiveness of preparatory work and the development of the necessary infrastructure, and to review all major decisions made by or on behalf of the Authority. A country should consider and may decide to set a specific legislative framework for the governance of the Authority.

The organization of major events is sometimes delegated to a special, dedicated team or agency that does not necessarily fit squarely within existing government structures and procedures. This can create governance issues and potential weaknesses in transparency and accountability mechanisms that must be addressed.

The relative inexperience of event organizers with respect to the complexity of organizing such large scale events may sometimes add to the risk of corruption. Excessive responsibilities, power and money may be entrusted to given individuals who may not necessarily have the required managerial and organizational skills.

Given the often political nature of the Authority and its often "spontaneous" and "temporary" character, the selection and appointment of those who are responsible for leading should result from of a competitive, transparent and accountable process based on merit and competence. It should be above reproach.

The responsibilities, authority and reporting obligations of the leaders of the Authority must be clearly delineated. These leaders must have the capacity and a commitment to manage their tasks in an efficient, transparent, and accountable manner. Each one of the leaders' specific and personal responsibilities with respect to corruption risk mitigation and management must be clearly articulated. It is also necessary to strengthen their awareness of the various risks of corruption and their ability to mitigate these risks.

Most importantly, 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.

📁 **Resource and learning material:** Absence of a single authority

"In our opinion, the unique challenge of managing and monitoring the activities of multiple agencies for delivering the Games Project should have been met by entrusting its stewardship to a single point of authority and accountability, with adequate mandate to ensure all deliverables in time, to cost, and to specified quality standards. Further, in view of the Government guarantee for meeting the cost of the Games, it was essential for such stewardship to be fully under Government control. However, this model of management or financial control was not followed for the Games Project. (…)

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."

Source: Comptroller and Auditor General of India (2011). *Audit Report on XIXth Commonwealth Games 2010*. Delhi: Union Government (Civil) Report No. 6 of 2011-12, pp. 30-31.
http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_No_6_CWG/Report_no_6_CWG.html

---

📋 **Examples**: Legislation Establishing the Mandate of a Single Authority Responsible for a Major Event

In preparation for the 2012 Olympic and Paralympic Games, the United Kingdom adopted legislation which delineated the authority, role and obligations of the London Organising Committee of the Olympic Games Limited (LOCOG), the Host City, and a newly established Olympic Delivery Authority (ODA). Schedule I of the Act provides a Constitution for the ODA. A single Authority was thus established with the overall responsibility for the delivery of the venues, infrastructure and services required for the Games as well as the eventual transfer of assets after the games and the transition to legacy use.

The *London Olympic Games and Paralympic Games Act 2006*, (2006) Elizabeth II, C-12 can be consulted at:
http://www.legislation.gov.uk/ukpga/2006/12/pdfs/ukpga_20060012_en.pdf

In the Russian Federation, for the 2014 Winter Olympics, the *Federal Law on the State Corporation for Construction of Olympic Venues and for the Development of Sochi as a Mountain Climatic Resort* established the Olimpstroi State Corporation (Olimpstroi SC) (No. 238-FZ of 30 October 2007). Under the guidance of its Supervisory Council, the Olimpstroi SC was responsible for supervising the organization and process of construction of all the Olympic venues and the implementation of activities related to such construction, within the framework of agreements on the organization of construction of federal-level Olympic venues and the agreements on supervision over the construction of Olympic venues.

	Examples: Governance Structure of Various Authorities

There are several examples of how organizational challenges in the preparation of a major event can be addressed through the establishment of effective and accountable management and governance structures. Canada's experience with the June 2010 G8 and G20 Summits provides one such example. For the G8 and G20 Summits, Canada established a second office, the Summits Management Office, within the Ministry of Foreign Affairs and International Trade, responsible for hosting the summits and for preparatory meetings leading up to the summits. In addition to providing direct support and policy advice, the Office managed the organization, infrastructure, and logistics of all events.

For the Beijing 2008 Olympic Games, establishing a system of accountability for achieving corruption-free Olympic Games was a key goal in ensuring the effective management and supervision of the preparations for the Games. People occupying leadership positions were expected to play a leadership role in demonstrating integrity and to assume responsibilities for the integrity of the work and units under their responsibility. An accountability system was set in place and a monitoring and responsibility tracking system was created, including serious consequences for those violating the provisions of the accountability system. The organizing committee (BOCOG) formulated the *Provisions on Accountability for Organizing a Corruption-free Olympic Games of the Beijing Organizing Committee for the Games of the XXIX Olympiad*, specifying responsibilities of all departments and leaders at all levels in terms of fulfilling duties and remaining "clean". In 2005, the BOCOG Vice-Presidents in charge signed the Accountability Document for Organizing Corruption-free Olympic Games with each departmental head.

In Brazil, the World Cup Management Committee, the CGCOPA, was established to provide a governance structure for the organization of the event. Twenty-five ministries and secretariats with ministerial status are part of the CGCOPA. The structure includes the World Cup Executive Board (GECOPA) responsible for coordinating and consolidating all activities, establishing goals, and monitoring the implementation of the Integrated Strategic Plan for the 2014 World Cup.

For the 2016 Olympic Games in Rio, the Public Olympic Authority (APO) was created by the Brazilian Government. The APO coordinates the participation of the Federal Government, the State of Rio de Janeiro and the Municipality of Rio de Janeiro in the preparation and organization of the Games (with reference to undertakings made by each party to the International Olympic Committee and the International Paralympic Committee). The APO's bylaws establish the Authority's structure, its attributions and prerogatives, the operation and management of its related bodies, personnel arrangements and its budgetary and financial arrangements.

4. 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. The Authority responsible for a major event needs to systematically conduct due diligence exercises before entering into such agreements and ensure that potential partners have anti-corruption policies and practices that are consistent with its own.

Formal contribution agreements, protocols, and memoranda of understanding are necessary to formalize the relationships and should be subject to regular audits.

The Authority should review its partners' compliance monitoring mechanisms and compliance records. It should not hesitate to terminate any partnership or joint venture with partners whose practices and policies are inconsistent with its own higher standards of integrity.

The Authority must also undertake and properly document due diligence reviews before appointing agents, consultants or intermediaries and only appoint them if they contractually agree to comply with the Authority's anti-corruption policies, keep proper books and records available for inspection by the Authority and its auditors, and are not suspected of engaging in corrupt activities.

A public office holder is in a conflict of interest when he or she exercises an official power, duty or function that provides an opportunity to further his or her private interests or those of his or her relatives or friends or to improperly further another person's private interests. Potential conflicts of interest must be identified and addressed.

All transactions with agents, consultants or intermediaries must be well documented and any compensation paid to them for legitimate services must be appropriate and commensurate with the nature of the services rendered.

In some countries, the laws governing the behaviour of lobbyists have helped increase the transparency of governmental decision-making and have highlighted the challenges associated with drawing a line between unethical behaviour and legitimate lobbying and advocacy practices.

Certain individuals potentially represent a greater degree of risk of corruption. This is the case for example with politically exposed persons (PEPs) who may be involved or associated somehow with the organization of a major event. Politically exposed persons are individuals who are, or have been, entrusted with prominent public functions. They represent 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. They 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.

Similarly, from the point of view of financial institutions, all persons directly involved in financial decisions concerning the organization of a major event may fall into that risk category. They are potential targets for bribes due to

their position or function in that organization. There is a need to be particularly vigilant about financial transactions and various decisions involving these individuals, or to apply a higher standard of due diligence in such cases.[4]

Municipal politicians and urban planning officials, for example, can be involved in decisions concerning the rezoning, re-designation, and expropriation of land that is considered for use in building infrastructures and venues. They have political influence that makes them vulnerable to corruption.

📁   **Resource and learning material**: Use of Discretionary Authority by Urban Planning Officials

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.*

Clearly the organization of a major event requires the consideration and approval of various planning decisions, frequently including major departure for previous plans and environmental policies. These decisions are usually required within a short period of time and the process can place great pressure on the responsible officials. If discretionary planning decisions are required, they should be made subject to mandated sets of criteria that are robust and objectives. Any deviations from existing plans, policies and regulations should be made in a transparent and accountable manner, after public consultations.

The same logic applies to decisions concerning the expropriation and acquisition of properties for the purpose of infrastructure development.

Resource:

Independent Commission Against Corruption (2012). Anti-corruption Safeguards and the NSW Planning System. Sydney, NSW: IAC.

http://www.icac.nsw.gov.au/component/docman/doc_download/3867-anti-corruption-safeguards-and-the-nsw-planning-system-2012

📁   **Resource and learning material**: Preventive Measures Concerning Politically Exposed Persons

---

[4]   See: Article 52, UNCAC.

Greenberg, T. S. et al. (2012). *Politically Exposed Persons - Preventive Measures for the Banking Sector*. Washington, D.C.: The World Bank and UNODC.

http://star.worldbank.org/star/sites/star/files/Politically%20Exposed%20Persons_0.pdf

5. Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, sections 1.1, 1.9, 1.10.

6. Key points to remember

- It is very important to establish, preferably by law, a single Authority 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 an Authority concerning potential conflict of interest and its relationships with partners, agents, consultants, lobbyists, and politically exposed persons (PEPs).

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

- 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.

- There is a need to be particularly vigilant about financial transactions and various decisions involving PEPs, or to apply a higher standard of due diligence in such cases.

.-.-.-.

Chapter 7: Governance, accountability and leadership

1. Introduction

A transparent, efficient and accountable governance and management structure must be established for the Authority responsible for the organization of the major event. It is also crucial to establish robust and efficient oversight mechanisms.

A competent and accountable leadership team, which brings together credible individuals known for their integrity, is required. The team must be capable of resisting unacceptable political interference or other undue pressure, and be able to assess and mitigate the risk of corruption as part of a broader risk management strategy. The leadership team must set the tone for the entire organization and must implement and monitor an effective risk corruption management strategy.

2. Objectives

The chapter introduces a method for analysing the governance and accountability structure put in place for the Authority responsible for a major event and for assessing its strengths and weaknesses, as well as the strength of the leadership capacity upon which the Authority rests.

3. Governance, accountability and oversight bodies

The organization of a major event requires the establishment, with an appropriate legal basis, of a clear, transparent and accountable governance and management structure for the Authority (and/or agencies) responsible for the organization of the event.

Structural arrangements can provide the most powerful controls over the activities of the Authority. By assigning accountabilities, coordination mechanisms and the chain of command, structural arrangements contribute not only to organizational performance but also to corruption control.

Governance and management structures that lack accountability and transparency add to the overall risk of corruption. The Authority's governance structure for the organization of a major event must be sufficient to support accountable and transparent management and decision-making practices. In

this regard, the Authority may learn from the experience of other organizations which have organized and staged similar events in the past.

Early in the process, an independent and external oversight body should be mandated to monitor the Authority's activities. The mandate of that body must include monitoring the risk and any potential incidents of fraud and corruption. That body should have full and complete access to the Authority's information and records. It should have sufficient expertise and resources and be expected to report publicly.

4. Leadership and organizational culture

The successful organization of a major event untainted by corruption requires a competent and accountable leadership team. The leadership team must bring together experienced and credible individuals known for their probity and integrity. The Authority must also be able to rely on dynamic, responsible and communicative leadership in its relationships with all stakeholders and the public.

The leadership team must be capable of resisting unacceptable political interference or other undue pressure. It should be able to assess and mitigate the risk of corruption as part of a broader risk management strategy. In the end, it is the leadership team which must set the tone for the entire organization. Those at the top level of the Authority are best placed to foster a culture of integrity and to communicate a commitment to a culture of zero-tolerance of corruption.

The Authority's top leaders should clearly be involved in and be held accountable for any key decision-making related to the risk of corruption. In spite of the complexity of the task at hand, the high public profile of the major event, the reputational risk and political factors at stake, the Authority and its leaders must resist the pressure to succumb to an attitude where the "ends" seem to "justify the means".

It is important to instil a culture of integrity, transparency and accountability within the whole Authority. Its leadership team obviously has a central role to play in that respect and it must begin by setting the right example. Proven strategies for promoting a culture of integrity, transparency and accountability within a public organization include articulating the organization's core values and norms through codes of conduct and policies, modelling ethical practices at the leadership level, training and open dialogue about integrity and the risk of corruption, as well as strong governance structures that encourage and monitor compliance with the organization's values and norms and respond firmly to breaches of conduct.

5. Policies and responsibilities for anti-corruption activities within an authority

As was mentioned earlier, States parties to the Convention are required to develop and maintain anti-corruption policies that reflect the rule of law and promote sound, accountable and transparent practices with respect to public affairs (article 5 (1) of UNCAC). Most countries will have anti-corruption policies that would normally apply to the Authority responsible for a major event. The leaders of the Authority must be very familiar with existing national policies and legislation and know exactly how they apply to every aspect of the organization of the major event.

It is important to avoid creating any exception to anti-corruption policies for the Authority or any of the other agencies or stakeholders that may be involved in the organization of the event. If the Authority is established by way of special legislation, the legislation should specify the anti-corruption rules and standards to which the Authority is subjected. In addition, the Authority should develop its own complementary internal policies and regulations and ensure that they are well understood, implemented and complied with throughout the organization.

The Authority's leaders, at the highest level, must be directly involved in any key decision-making related to the risk of corruption. Furthermore, a clear responsibility centre must be established at a high level within the Authority for anti-corruption assessment, planning and monitoring. That responsibility centre should also be responsible for coordinating the Authority's anti-corruption activities with that of other stakeholders.

6. Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, sections 1.2, 1.3, and 1.4

7. Key points to remember

- It is very important to ensure that the organization responsible for a major event rests on a solid governance and accountability structure.

- The Authority must not only be in compliance with the country's anti-corruption policies and legislation, it must also develop its own internal policies and regulations and ensure that they are well understood, implemented and complied with throughout the organization.

- Structural arrangements can provide the most powerful controls over the activities of the Authority. By assigning accountabilities, coordination mechanisms and chain of command, structural arrangements contribute not only to organizational performance but also to corruption control.

- Early in the process, an independent and external oversight body should be mandated to monitor the Authority's activities. The mandate of that body must include monitoring the risk and any potential incidents of fraud and corruption.

- The successful organization of a major event untainted by corruption requires a competent and accountable leadership team. The leadership team must bring together experienced and credible individuals known for their probity and integrity.

- The leadership team must be capable of resisting unacceptable political interference or other undue pressure and able to assess and mitigate the risk of corruption as part of a broader risk management strategy.

- A culture of integrity, transparency and accountability must be instilled within the whole Authority. Its leadership team has an important role to play in that respect and it must begin by setting the right example.

.-.-.-.-.

Chapter 8: Public reporting and transparency

1. Introduction

Article 10 of the Convention calls for several measures to be taken to enhance transparency in public administration. It requires that appropriate measures be taken to ensure that citizens understand the workings of public administration and have access to information on the decisions of public officials. These measures should generally apply to the Authority responsible for the organization of a major event. The unique character of such an Authority and its time-specific or event-specific mandate should not be used as a pretext for less transparency. Article 13 calls for measures to promote the active participation of individuals and groups outside the public sector in the fight against corruption and to raise public awareness regarding the threat of corruption.

Every Authority should establish clear policies and procedures for public reporting of all significant transactions and for public access to information. This can be done with due regard for the protection of privacy and personal data and the protection of the integrity of the procurement and public tendering processes. Information technology makes such transparency measures quite feasible.

2. Objectives

This chapter will introduce you to the crucial importance of transparency and public reporting in the prevention of corruption. It will familiarize you with some good practices in that respect.

3. Reporting and transparency

Organizational transparency refers to the principle that public officials, civil servants, managers and directors of companies and organizations have a duty to act visibly, predictably and understandably to promote participation and accountability.

Public reporting on the activities of the Authority is a very important means of preventing corruption. Such measures are provided for in the Convention (article 10 and 13), including measures to ensure that the public has effective access to information, support public information activities, and promote transparency and public consultation and participation in various aspects of the decision-making process. In addition, the same article 10 of the convention, also calls for *proactive* measures to enhance transparency and the publication

by public organizations of periodic reports on the risk of corruption. All these measures generally apply to any organization or agency mandated with the organization of a major public event.

📁	**Resource and learning material:** Article 10 of UNCAC – Public reporting

Taking into account the need to combat corruption, each State Party shall, in accordance with the fundamental principles of its domestic law, take such measures as may be necessary to enhance transparency in its public administration, including with regard to its organization, functioning and decision making processes, where appropriate. Such measures may include, inter alia:

(a) Adopting procedures or regulations allowing members of the general public to obtain, where appropriate, information on the organization, functioning and decision-making processes of its public administration and, with due regard for the protection of privacy and personal data, on decisions and legal acts that concern members of the public;

(b) Simplifying administrative procedures, where appropriate, in order to facilitate public access to the competent decision-making authorities; and

(c) Publishing information, which may include periodic reports on the risks of corruption in its public administration.

📁	**Resource and learning material:** Article 13 of UNCAC – Participation of society

1. Each State Party shall take appropriate measures, within its means and in accordance with fundamental principles of its domestic law, to promote the active participation of individuals and groups outside the public sector, such as civil society, non-governmental organizations and community-based organizations, in the prevention of and the fight against corruption and to raise public awareness regarding the existence, causes and gravity of and the threat posed by corruption. This participation should be strengthened by such measures as:

(a) Enhancing the transparency of and promoting the contribution of the public to decision-making processes;

(b) Ensuring that the public has effective access to information;

(c) Undertaking public information activities that contribute to non-tolerance of corruption, as well as public education programmes, including school and university curricula;

(d) Respecting, promoting and protecting the freedom to seek, receive, publish and disseminate information concerning corruption. That freedom may be subject to certain restrictions, but these shall only be such as are provided for by law and are necessary:
    (i) For respect of the rights or reputations of others;
    (ii) For the protection of national security or ordre public or of public health or morals.

The circumstances surrounding the organization of a major event often require proactive reporting measures to ensure that the public has access to all relevant information in a timely manner. This information should include details on the organization of the Authority, the decisions that it makes, the funds that it

manages, the contracts, licences and other advantages that it grants, and the progress that it achieves in the preparation and staging of the major event. In practice, many of these mechanisms are operated, not by the Authority, but by the finance arm of the Government, lending legitimacy in many instances. Information can also be provided on the measures taken to prevent corruption or to respond to concrete incidents of corruption.

Many countries already have systems in place to facilitate access to information concerning public administration. These countries often have legislation to guarantee the right of citizens to access information on public administration and to set out the rules and procedures regulating such access. This legislation, or its equivalent, must also apply to the Authority responsible for a major public event. In general, access to information systems allow for citizens to apply for the disclosure of information that is held by the government.

Some Authorities use an official website accessible to the general public to allow interested individuals and the media to follow procurement, contracting, and execution of activities as they occur. In some cases, the public is able to track expenditures in real time as the preparations and events unfold. Some transparency portals cover all government activities, while others are established specifically in relation to a major event. It is clear that organizing bodies hope that these more proactive communication campaigns will not only increase the public's support for these events and calm fears regarding the expenditure of public funds, but that such dedicated websites and hotlines will provide greater motivation and ability for the public to report corrupt activities because of the increased access to information that would assist in detecting corruption.

Example: The transparency portal of the federal government in Brazil

Brazil created dedicated portals for the World Cup and the Olympics. These two portals are part of the broader transparency portal which was launched by the Office of the Comptroller General in November 2004, with the aim of ensuring the proper and lawful allocation of public funds. Its objective is to increase transparency in the public administration, enabling the citizen to track the allocation of public money and to play a monitoring role in this process.

The Transparency Portal provides information on the Federal Executive Branch, disclosing, inter alia, the data listed below:

- Direct spending of the Federal Government (since 2004 – except for the Payment Card Spending, which was made available as of 2002 onwards)
- Fund transfers to states and municipalities (since 2004)
- Contracts signed with individuals, legal entities or government bodies (since 1996)
- Estimated and collected revenue (since 2009)
- Federal Government staff

The Transparency Portal also lists companies that suffered sanctions imposed by the Federal Government and by Brazilian States in the National Registry of Ineligible and Suspended Companies - CEIS. The Portal also lists the Registry of Suspended Not-for-Profit Private Entities - CEPIM, which is a database created with the aim of consolidating a list of not-for-profit private entities that are held ineligible to sign agreements, transfer contracts or partnerships with the federal government and are not allowed to receive fund transfers.

The Portal discloses the value of federal government transfers to States and Municipalities as well as values of government agreements and contracts. The value of federal government transfers can also be directly retrieved from the Transparency pages fed by States and Municipalities.

In addition to the Portal, it is possible to find further information on public spending on the Transparency pages ran by the government body, the State or the Municipality one wishes to know more about. Federal Government bodies and entities are obliged to disclose information on related budgetary and financial execution, biddings, contracts, agreements, and expenditures with travel tickets and allowances in their respective Public Transparency Pages.

Currently, every government body within the direct administration already keeps a Transparency Page in its website. Transparency Pages are also being implemented for entities within the indirect administration. It is also possible to find assorted information on the performance of the Federal Government in the Public Transparency Network, which gathers data from several government bodies in one single internet address: www.transparencia.gov.br/rede and on the Links section in the Transparency Portal.

Portal: http://www.portaldatransparencia.gov.br

The specific portal for the 2016 Olympic Games:
A part of the transparency portal was created specifically to promote transparency concerning the organization of the 2016 Olympic Games:
http://www.portaldatransparencia.gov.br/rio2016/

It includes the details of Rio's candidacy file when applying to host the Games:
http://www.portaldatransparencia.gov.br/rio2016/paginas/dossie-index.asp

---

	Case Study: Example of Public Reporting

The Organising Committee for the London 2012 Olympic Games (LOCOG) published its final report and accounts. Over its eight-year lifecycle, LOCOG has successfully achieved revenues of GBP 2.41 billion through private sector revenue programmes and contained costs at GBP 2.38 billion. The full report can be viewed on the London 2012 website.

This final result now means that LOCOG will make payments to the British Olympic Association (BOA) of GBP 5.3 million and the British Paralympic Association (BPA) of GBP 2.6 million to honour its contractual obligations under their respective Joint Marketing Plan Agreements. The Department for Culture, Media and Sport will receive approximately GBP 20 million from LOCOG to fulfil commitments under certain government grant agreements, such as the grant to cover the rental cost of the Village after it passed into public ownership.

See:
http://www.olympic.org/Documents/Games_London_2012/Final%20Cocom%20Report%20London%202012%20EN.pdf

Final reports and other documents on past Olympic Games can be consulted at:

http://www.olympic.org/documents-reports-studies-publications

4. Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, sections 1.8 and 1.9

5. Key points to remember

- Organizational transparency refers to the principle that public officials, civil servants, managers and directors of companies and organizations have a duty to act visibly, predictably and understandably to promote participation and accountability.

- The Convention (articles 10 and 13) calls for several measures to be taken to enhance transparency in public administration.

- These measures should generally apply to the Authority responsible for the organization of a major event.

- Every Authority should establish clear policies and procedures for public reporting of all significant transactions and for facilitating public access to information.

- The circumstances surrounding the organization of a major event often require proactive reporting measures to ensure that the public has access to all relevant information in a timely manner.

.-.-.-.-

Chapter 9: Mitigating the risk of corruption and human resources

1. Introduction

Article 7 of the Convention focuses on managing human resources within the public sector and the underlying principles of efficiency, transparency and integrity. This emphasis includes ensuring the use of objective criteria for the recruitment of public officials, as well as continuous learning opportunities and adequate and equitable remuneration and conditions of employment for staff in the civil service. In countries that have already aligned their civil servants recruitment and promotion systems with these standards and base their hiring practices on principles of merit, equity and aptitude, it is important to ensure that these standards apply fully to the Authority's human resources management practices.

In countries that have not yet aligned their own legal framework and systems with the standards of the Convention, the organization of a major event and its prominent public profile provides an opportunity to demonstrate the importance and advantages of implementing high standards of integrity and efficiency in the recruitment and management of human resources. It is an opportunity to demonstrate concretely how corruption can be prevented when the risks associated with human resources management are properly assessed and managed.

The organization of a major public event usually requires the recruitment, hiring and management of numerous personnel. This requirement renders the Authority vulnerable to corruption, nepotism and conflicts of interest and also to the recruitment of undesirable or corrupt staff. The urgency of the task at hand – the organization of the major event - should not serve to justify diluting the efficiency and transparency of personnel recruitment and management decisions, nor should it affect the objective criteria that must apply throughout that process.

The Authority must ensure that merit, equity, and aptitude govern all its human resources decisions and that adequate selection and promotion procedures are in place and respected. Corruption prevention measures include the application of codes of conduct, requirements for financial and other disclosures by all staff, and an appropriate disciplinary process to deal with incidents of misconduct or non-compliance with anti-corruption policies.

There are many aspects of human resources management that require special attention in order to mitigate the risk of corruption. This chapter will cover nine main areas:

- Human resources management policies
- Recruitment practices
- Measures to prevent conflicts of interest
- Professional standards and codes of conduct
- Attention to positions that are particularly vulnerable to corruption
- Training of personnel in corruption prevention
- Effective supervision
- Reporting of corruption incidents
- Disciplinary actions

2.   Objectives

This chapter will help you understand how prevention of corruption within an organization requires actions on many fronts and, in particular, a comprehensive approach to corruption prevention in the management of the organization's human resources.

3.   Existing policies

If public sector human resources management laws and policies do not apply directly to the Authority, it must develop its own policies and identify appropriate measures and administrative systems to ensure the efficient, transparent and accountable recruitment, hiring, retention and promotion of the personnel it requires to achieve its goals. Proper personnel recruitment, selection and vetting policies must be in place very early in the process of shaping the Authority's personnel.

If public sector human resources management laws, policies and procedures do apply to the Authority, their implementation must be treated as an urgent priority. Deviations from these policies, on the basis of expediency or any other reason, should be avoided.

🗁   **Recruitment, hiring, etc. in the public sector**
"Each State Party shall, where appropriate and in accordance with the fundamental principles of its legal system, endeavour to adopt, maintain and strengthen systems for the recruitment, hiring, retention, promotion and retirement of civil servants and, where appropriate, other non-elected public officials: *(a)* That are based on principles of efficiency, transparency and objective criteria such as merit, equity and aptitude;   *(b)* That include adequate procedures for the selection and training of individuals for public positions considered especially vulnerable to corruption and the rotation, where

> appropriate, of such individuals to other positions;
>
> *(c)* That promote adequate remuneration and equitable pay scales, taking into account the level of economic development of the State Party;
>
> *(d)* That promote education and training programmes to enable them to meet the requirements for the correct, honourable and proper performance of public functions and that provide them with specialized and appropriate training to enhance their awareness of the risks of corruption inherent in the performance of their functions. Such programmes may make reference to codes or standards of conduct in applicable areas.
>
> Article 7(1) of UNCAC

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 2.1

4. Recruitment practices

Merit, equity, and aptitude must govern all decisions relating to human resources. Fair and adequate selection and promotion procedures should be in place and respected. It should be quickly determined whether, and to what extent, the Authority is governed by the same laws and policies that apply to human resources management within the public service. If exceptions to these rules are created, they must be documented, made public and monitored systematically.

Recruiting key personnel with experience in organizing similar major events or managing large infrastructure development projects is usually a priority. Notwithstanding the urgency of putting a leadership team in place, it is important to proceed with extensive background and reference checks, in particular when recruitment occurs internationally.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 2.2.

5. Conflicts of interest

Policies and procedures

States parties to the Convention must "endeavour to adopt, maintain and strengthen systems that promote transparency and prevent conflicts of interest" in accordance with the fundamental principles of their domestic law (article 7 (4)).

The Convention promotes the adoption of measures to prevent conflicts of interest and to create and support a culture in which the provision of public service is transparent and impartial, where the offering and acceptance of gifts

and hospitality is discouraged, and where personal or other interests do not influence or appear to influence official actions and decisions.

A conflict of interest involves a conflict between the public duty and the private interest of a public official, in which the official's private-capacity interest could improperly influence the performance of their official duties and responsibilities.

	Example: Conflict of Interest Test
●**Question 1: What official functions or duties is Official X responsible for?** *[Refer to functional duty statement, position description, law, or contract of employment, etc., or statement of the functions of the official's organisation, etc.]* ●**Answer 1:** *Official X is responsible for functions 1, 2, 3 (etc.) in ministry B.* ●**Question 2: Does Official X have private interests of a relevant kind?** *[See comments on "relevant private interests", below.]* ●**Answer 2: Yes, Official X has job-relevant private interests.** *[The relevant facts are clear.]* **Conclusion: Official X has a *conflict of interest.***	
*Source***:** OECD, *Managing Conflict of Interest in the Public Sector - A toolkit.* www.oecd.org/gov/ethics/49107986.pdf	
Resource: **One example of a conflict of interest law:** Canada - *Conflict of Interest Act*, S.C. 2006, c. 9, s. 2. http://laws-lois.justice.gc.ca/eng/acts/C-36.65/page-1.html#docCont *See also***:** "Gifts for Officials – Generic Law", p. 44, in OECD, *Managing Conflict of Interest in the Public Sector - A toolkit.* www.oecd.org/gov/ethics/49107986.pdf	

Compulsory disclosure system

Article 8(5) of the Convention calls for measures and systems to be established requiring public officials to make declarations to appropriate authorities regarding, inter alia, their outside activities, employment, investments, assets and substantial gifts or benefits from which a conflict of interest may result with respect to their functions as public officials. The Authority should institute a compulsory disclosure system applicable to all its managers and employees to prevent or detect possible incompatibilities and conflicts of interest. This system should be at least as rigorous as the system generally in place for senior civil servants.

The requirement for certain individuals to publicly disclose their assets and interests should be reflected in all employment contracts and agreements and, as relevant, in partnership and other agreements.

The Authority should insist that stakeholders and partners adopt strict policies and procedures to prevent conflicts of interest.

In dealing with representatives of government agencies, stakeholders, partners and agents, the Authority must take steps to protect itself against the risk that confidential information may be misused to favour private interests in matters relating to the organization of the major event.

📁	**Resource and learning material:** Income and asset declarations

"Asset declaration systems, also referred to as financial disclosure, or declaration of interest systems, are an important element of building successful anti-corruption programs and a culture of integrity in public service. While the primary focus of this guide is the creation of effective and efficient disclosure systems for public officials, the guide also acknowledges that the role these systems play in detecting and preventing asset theft, can also assist efforts to secure the return of stolen assets or proceeds of corruption.

When contemplating the creation of an asset disclosure system, the first order of business is to agree on the objective or objectives of the system. Although there may be different purposes for an asset declaration (AD) system, the chief determinant of how an AD system is designed is whether it focuses on combating illicit enrichment, the identification and prevention of conflicts of interest (COI), or both. Granting public access to asset declaration information is another important dimension of AD regimes that can enhance both their effectiveness and their credibility. (...)

Credible disclosure systems, whether the information is made public or kept confidential, can help build the trust of citizens in their government. To meet that objective, AD implementing agencies must be administered professionally, have sufficient independence to fulfill their mandates, and be subject to sufficient oversight to ensure they don't abuse their authority. Civil society organizations and the media can play an important role in ensuring that the disclosure system meets these standards."

"A successful asset declaration system does not exist in a vacuum - requiring completion of an asset disclosure form for no other purpose than its storage in the archives of the implementing agency. Rather, the objectives of an asset disclosure system - improving public integrity and maintaining the confidence of citizens in government institutions - are best achieved when the disclosure is "anchored" in a set of norms obligating public officials to behave in a certain manner. Such norms are commonly set out in criminal laws and/or in an ethics code."

Resource:

Burdescu, R. et al. (2009). *Income and Asset Declarations: Tools and Trade-offs.* Washington, D.C.: The World Bank and UNODC.
http://www.unodc.org/documents/corruption/Publications/StAR/StAR_Publication_-_Income_and_Asset_Declarations.pdf

Extending conflict of interest rules to former employees

The Authority should have adequate policies and procedures in place to govern the move of members of its personnel, who have resigned or retired, to private

sector entities with which the Authority has or had some dealings. Former personnel may hold some sought after confidential or commercial information or they may be recruited or employed in order to influence their former employer or colleagues (see article 12 (2)(e) of UNCAC).

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 2.3

6. Professional standards and codes of conduct

The Convention requires the active promotion of personal standards (integrity, honesty and responsibility) and professional responsibilities (correct, impartial, honourable and proper performance of public functions) among all public officials (article 8 (1), (2) and (5)). To achieve this, guidance should be provided on how public officials inside or outside of the Authority should conduct themselves in relation to those standards and how they will be held accountable for their actions and decisions.

Codes of conduct for public officials

"1. In order to fight corruption, each State Party shall promote, inter alia, integrity, honesty and responsibility among its public officials, in accordance with the fundamental principles of its legal system.

2. In particular, each State Party shall endeavour to apply, within its own institutional and legal systems, codes or standards of conduct for the correct, honourable and proper performance of public functions.''

(Article 8 (1) and (2) of UNCAC)

The Authority can establish its own codes of professional conduct or at least adopt the professional standards that generally apply in the public service sector.

At the outset of the organization of a major event, the Authority should review and adapt the standards of conduct that apply to the public sector with a view to strengthening their application and their relevance to the organization of the major event.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 2.4

7. Positions that are particularly vulnerable to corruption

The Authority should identify within and around its own organization those positions and functions that are most vulnerable or susceptible to corruption. Such positions may include positions vested with decision-making authority or

performing an evaluation and monitoring function. Measures should be taken to mitigate the risk of corruption associated with vulnerable positions within the Authority. The same measures should be encouraged within the Authority's partner organizations and key stakeholders.

Once such positions have been identified, practical measures can be adopted to mitigate that risk, including: pre-appointment screening of successful candidates to ensure that they have already demonstrated high standards of conduct; specific terms and conditions of service for successful candidates; and procedural controls, such as benchmarking performance, or the rotation of staff, as a means of limiting the risks of corruption arising from protracted incumbency.

There is a need for specific support and oversight procedures for all members of the Authority and related agencies and partners who might be vulnerable to corruption, including regular appraisals, confidential reporting, registration and declaration of interests, assets, hospitality and gifts, as well as efficient procedures to regularly monitor the accuracy of the declarations.

In order to introduce an element of independent but controlled decision-making within the Authority, the decision-making structure should be based to the extent possible on a system of multiple-level review and approvals for higher-risk matters rather than having a single individual with sole authority over those decisions.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 2.5

8.   Training of personnel in corruption

With a large complement of new staff and managers, the Authority must pay special attention to training its staff in corruption prevention approaches and precautions.

The Authority needs to create training and educational opportunities for its staff to develop a better understanding of their own vulnerabilities to corruption and clear directions as to what is expected of them in order to prevent it.

Examinations may be held for individuals considered for appointment to leading positions within the Authority to test their knowledge of relevant governance rules and legislation and anti-corruption policies. E-learning programmes may facilitate the training of large numbers of staff across several functions and specific training activities may be developed for targeted groups within and around the Authority.

8.1   Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 2.6

9.   Effective supervision

Effective supervision and checking practices are essential strategies for detecting corruption. They are also important means of preventing corruption by reducing the opportunities for motivated individuals to engage in corrupt conduct. In fact, a review of corruption cases often reveals that inadequate supervision had very often contributed to the problem.

Managers at all levels must be held accountable for the actions and work of their staff. They need to be proactive in their management styles. They need to actively supervise their staff and have measures and systems in place to inform them about what their staff is doing and how it is doing it. Direct supervisors should have a reasonable understanding of each staff member's level of skill, attitudes and overall performance. They should be alert to signs that staff are experiencing difficulties in the workplace or require assistance.

Managers should be accountable for the work performed in their areas of responsibility. They should have processes in place to ensure that work performed in their areas of responsibility is correctly carried out and performed and undertaken in the manner expected by the agency. Managers should also conduct regular work reviews.

Work reviews

Work reviews are processes and systems that review transactions and other work performed by staff to ensure that it is correct and consistent with agency policy. Work review processes can be designed specifically to identify corrupt conduct. Ideally, such processes should occur in the ordinary course of operations, including during regular management and supervisory activities.

Work reviews can be done regularly as part of an agency's on-going programme or randomly in response to a particular concern, such as identification of a new corruption risk or elevation of an existing risk.

As part of an agency's corruption risk mitigation process, work review processes should be monitored and evaluated to ensure that they operate as intended.

10.   Reports of corruption incidents

Article 8 (4) of the Convention requires States parties to consider "establishing measures and systems to facilitate the reporting by public officials of acts of

corruption to appropriate authorities, when such acts come to their notice in the performance of their functions".

Governments are expected to adopt measures to facilitate reporting by public officials or members of the public of incidents of corruption or conflict of interest (see article 8 (4) and (5) and article 13 (2) of UNCAC)

The Authority must set in place mechanisms and systems to facilitate the reporting by its staff of acts of corruption to appropriate authorities, when such acts come to their notice in the performance of their functions.

An important means of identifying breaches of a code of conduct is to introduce an effective system for reporting suspicions of breaches in general, and corruption in particular ("whistle-blowing").

Whistle-blowers are persons who report, in good faith and on reasonable grounds, an infraction or an irregularity to competent authorities (article 33). Such persons may also act as a witness in the investigation or prosecution of incidents of corruption (article 32). Protecting these individuals is an important part of anti-corruption strategies.

An effective whistle-blower policy should include, at a minimum, the following elements: (1) a high level of confidentiality (perhaps even anonymity in some cases) during the disclosure or reporting process; (2) a zero tolerance approach to retaliation, threats or harassment; (3) a formal and clear recognition of the behaviour as a form of loyalty towards the organization, not as an act of disloyalty; and (4) a commitment to follow up on all reports received.

Whistle-blower protection may be mandated in national legislation. Protecting whistle-blowers against reprisal is essential to ensure public reporting of corruption or misconduct and, ultimately, the integrity of the Authority. When the stakes are high, as they are in the context of a major public event, the pressure on individuals to remain silent can be enormous. Ensuring that whistle-blowers do not suffer negative consequences within or outside the organization must become an organizational priority. Finally, it is very important to ensure that reports are taken seriously and acted upon; a belief that reports will be ignored is often quoted as a reason for not reporting incidents of alleged corruption.

🗀	**Resource and learning materials:** G20 Study of Whistleblower Protection Frameworks

"Whistleblower protection is essential to encourage the reporting of misconduct, fraud and corruption. The risk of corruption is significantly heightened in environments where

the reporting of wrongdoing is not supported or protected. This applies to both public and private sector environments, especially in cases of bribery: Protecting public sector whistleblowers facilitates the reporting of passive bribery, as well as the misuse of public funds, waste, fraud and other forms of corruption. Protecting private sector whistleblowers facilitates the reporting of active bribery and other corrupt acts committed by companies.

Encouraging and facilitating whistleblowing, in particular by providing effective legal protection and clear guidance on reporting procedures, can also help authorities monitor compliance and detect violations of anti-corruption laws. Providing effective protection for whistleblowers supports an open organisational culture where employees are not only aware of how to report but also have confidence in the reporting procedures. It also helps businesses prevent and detect bribery in commercial transactions. The protection of both public and private sector whistleblowers from retaliation for reporting in good faith suspected acts of corruption and other wrongdoing is therefore integral to efforts to combat corruption, promote public sector integrity and accountability, and support a clean business environment. (...)

A principal requirement in most whistleblower protection legislation is that the disclosures be made in "good faith" and on "reasonable grounds". Accordingly, protection is afforded to an individual who makes a disclosure based upon his or her belief that the information disclosed evidenced one of the identified conditions in the given statute, even if the individual's belief is incorrect. South African courts, for example, have asserted that "good faith" is a finding of fact; "the court has to consider all the evidence cumulatively to decide whether there is good faith or an ulterior motive, or, if there are mixed motives, what the dominant motive is." The onus is not on the employee to prove good faith; an allegation of lack of good faith must be pleaded and proved by the employer. Under U.S. law, the test for determining whether a purported whistleblower had a "reasonable belief" is based on whether "a disinterested observer with knowledge of the essential facts known to and readily ascertainable by the employee would reasonably conclude that the actions of the government" evidence the wrongdoing as defined by the statute."

Source: G20 Anti-Corruption Action Plan - Protection of Whistleblowers. *Study of Whistleblower Protection Frameworks, Compendium of Best Practices and Guiding Principles for Legislation,* 2011. www.oecd.org/g20/topics/anti-corruption/48972967.pdf

See also:

Wolfe, S., Worth, M. Dreyfus, S., and A. J. Brown (2014). Whistleblower Protection Rules in G20 Countries: The Next Action Plan. https://blueprintforfreespeech.net/394-2/463-2

UNODC (2015). Resource Guide on Good Practices in the Protection of Reporting Persons. http://www.unodc.org/unodc/en/corruption/publications.html

---

📁 **Resource and learning material:** Employee's reporting behaviour

In a study of over 800 public sector employees surveyed to explore the factors which would be most likely to deter public sector employees from reporting workplace corruption. Concern about not having enough proof was the most commonly reported deterrent, followed by the absence of legal protection from negative consequences. The factors which were reported as deterring the least number of respondents were the absence of role responsibility for reporting corruption and not being directly affected by the corruption. Respondents from lower income groups were more likely to be deterred from reporting

corruption in the absence of encouraging factors.

Source: Zipparo, L. (1998). "Factors which deter public officials from reporting corruption", *Crime, Law & Social Change*, 30(3), 273-287.

The value of public engagement in reporting is not just a matter of principle or opinion: there is extensive research to demonstrate that information provided by individuals is the most common way in which fraud, corruption and other forms of wrongdoing are identified. Inspection systems have been found to be less effective in uncovering wrongdoing. The study described below confirms that a range of sources - from members of the public, to companies and NGO organisations - are in a position to report corruption to the competent authorities.

The Association of Certified Fraud Examiners (ACFE) studies workplace whistle-blowing and bases its conclusions on reports from certified fraud examiners in both the public and private sectors. In its latest (2012) Report to the Nations on Occupational Fraud Abuse included data from 96 countries, ACFE found that 43% of all frauds were uncovered by individuals working within the organisation. In 2010, AFCE made a worldwide assessment. The report found the most common source for information on fraud (40%) was from whistle-blowing reports by employees. It also made clear that in many cases the terms 'fraud' and 'corruption' are used interchangeably. ACFE concluded that "providing individuals a means to report suspicious activity is a critical part of an anti-fraud program. Management should actively encourage employees to report suspicious activity, as well as enact and emphasize an anti-retaliation policy".

Source: UNODC (2015). *Resource Guide on Good Practices in the Protection of Reporting Persons.* http://www.unodc.org/unodc/en/corruption/publications.html

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 2.7

11. Disciplinary actions

Article 8 (6) of the Convention promotes the adoption of appropriate and effective disciplinary or other measures against public officials who violate codes of conduct or standards.

Disciplinary measures should be available and applied fairly and systematically whenever violations of codes of conduct or other standards are identified by the Authority.

The Authority should work closely with the media to explain its policies and practices and to enlist their support in the fair reporting of their corruption prevention activities.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 2.8

12. Key points to remember

- Unless sound recruitment practices are adopted, an Authority may be at risk of recruiting incompetent, undesirable or corrupt staff.

- Sound and transparent human resources management policies and procedures should be adopted and implemented by the Authority.

- A conflict of interest exist when public office holders exercise an official power, duty or function in way which that furthers their private interests or those of their relatives or friends or improperly furthers another person's private interests.

- The Authority must guard against potential conflicts of interest and should adopt procedures for identifying and reporting real or potential conflicts of interest and addressing them.

- Sound recruitment and hiring practices may help the Authority prevent corruption.

- Codes of conduct can help the Authority promote professional standards and a culture of integrity.

- Positions that are particularly vulnerable to corruption should be identified and special support and oversight should be provided to these vulnerable positions.

- Training and educational opportunities should be provided to staff to help them understand their own vulnerability to corruption and know what is expected of them to prevent corruption.

- It is important to establish an effective system for reporting incidents of corruption and for protecting those who report these incidents.

- An Authority should adopt a fair and effective disciplinary process for dealing with incidents of misconduct and corruption.

.-.-.-.

Chapter 10: Mitigating the risk of corruption and financial management

1.   Introduction

The large sums received and disbursed as part of the organization of a major event call for robust mechanisms to promote transparency and accountability in the management of these funds.

Depending on the governance and management structures in place for the preparation and management of the event, there is a need to review and strengthen existing financial control mechanisms and to determine how they must apply specifically to the Authority.

At the very least, existing financial management policies applicable to the public service sector must be reaffirmed. If it is deemed necessary to revise and adapt existing policies and procedures, or if deviations from the latter are to be allowed, any such change or exception to existing policies should be discussed and adopted in a transparent and publicly accountable manner. Upon completion of the event, these variations should be evaluated with a view to the identification of good practices.

The Authority must continuously pay attention to the elaborate and rigorous financial control and oversight mechanisms required for the organization and delivery of a major event. Seven main aspects are considered in this chapter:

- The need to put in place a strong financial management and accountability structure
- The need to ensuring the integrity and efficiency of the budgeting and financial planning process
- The need to adopting sound financial management policies and procedures
- The need to put in place effective financial controls
- The importance of a strong internal audit capacity
- The need to adopt transparent and effective policies and procedures regarding external audits
- The need to ensure financial transparency and to reporting publicly

2.   Objectives

This chapter will help you become familiar with the different risks of corruption associated with the financial aspect of the organization of a major event and with some general strategies to mitigate that risk. It will also help you understand how to assess whether such risk mitigation strategies have already been implemented by an organization.

3.   UNCAC framework

The Convention requires State parties to take appropriate measures to promote transparency and accountability in the management of public finances (article 9 (2)).

The Convention also highlights the need to put in place measures to preserve the integrity of accounting books, records, financial statements or other documents related to public expenditure and revenue and to prevent the falsification of such documents (article 9 (3)).

A State may have achieved a certain level of compliance with these various requirements as they apply to the public sector as a whole. However, extraordinary precautions are called for to address the unusual circumstances and the huge investments involved in budgeting and managing the funds dedicated to a major event.

📁   **Management of Public Finances**

2. Each State Party shall, in accordance with the fundamental principles of its legal system, take appropriate measures to promote transparency and accountability in the management of public finances. Such measures shall encompass, inter alia:
 	
   (a) Procedures for the adoption of the national budget;
 	
   b) Timely reporting on revenue and expenditure;
 	
   (c) A system of accounting and auditing standards and related oversight;
 	
   (d) Effective and efficient systems of risk management and internal control; And
 	
   (e) Where appropriate, corrective action in the case of failure to comply with the requirements established in this paragraph.
 	
3. Each State Party shall take such civil and administrative measures as may be necessary, in accordance with the fundamental principles of its domestic law, to preserve the integrity of accounting books, records, financial statements or other documents related to public expenditure and revenue and to prevent the falsification of such documents.
 	
Article 9 (2) and (3) of UNCAC

4. Putting in place a strong financial management accountability structure

The responsibility and accountability structure of the Authority must be well defined, clear and unambiguous. The Authority should be empowered to centrally manage the capital budget allocated to the organization of a major event.

The Authority must have in place a strong and accountable financial management structure and systems. These must be consistent with professional standards as well as applicable national standards for the management of public finances

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 3.1

5. Ensuring the integrity and efficiency of the budgeting and financial planning process

The budgeting and financial planning process for a major event invariably present some important challenges. The requirements of the event may not have been fully specified from the beginning and may be expected to evolve and change over time. Broad consultations are required with multiple stakeholders and partners (e.g. host cities, government departments) with varying levels of expertise and preparedness and must take place during relatively brief periods of time. Related policy objectives (e.g. environmental impact, indigenous participation, sustainability, and legacy use) must also be factored into the planning process.

The state of the market, the effectiveness of the Authority's procurement process and revenue generating activities will have an impact on expenditures and revenues which may be hard to predict initially. This creates a crucial need for periodic reviews of budgets, cost estimates, and revenue forecasts as well as budget comparisons against activities and progress to date.

Transparency at all stages of the budgetary reviews, adjustments and approval processes is essential to preserve the integrity of a high-profile initiative and maintain public support for it.

For the 2010 Delhi Commonwealth Games, the costs far exceeded the initial budget. According to the Comptroller and Auditor General of India:

> "The highly conservative and unrealistic size of the original budget envisaged in the May 2003 bid led to revisions of estimates at very short intervals even up to September 2010. This evidenced a piecemeal approach for consideration/approval of individual cost elements. The other major reason for increased costs/estimates was delays at

multiple stages (including delays in grant of approvals by GoI), resulting in bunching of activities towards the end and consequential increase in cost.

The internal control environment and decision making structures within the OC were highly inadequate. The state of documentation in the OC was so inadequate that we are unable to derive assurance as to either the authenticity or the completeness of records."[5]

Apparent overestimations of costs of certain aspects of the organization of the event may be signs that bribery or illegal commissions have been factored into the initial estimates. Cost overruns may also result from poor or insufficiently transparent or accountable forecasting, budgeting and accounting process.

It is important to keep in mind that, as part of the overall anti-corruption programme, the system of internal controls helps to ensure that anti-corruption policies and procedures are carried out as intended by the Authority's senior management. Internal controls are therefore not only a mean of reducing the risk of corruption, but also a way to support management's responsibility to safeguard the Authority's assets, employees, and partners.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 3.2

6. Adopting sound financial management policies and procedures

The Authority must have in place measures to ensure the sound financial management of its activities. To strengthen budgetary controls, the Authority must specify the responsibilities and procedures for approving the use of funds and expenditures at all levels. The Authority should adopt criteria for spending on receptions and entertainment, business trips, consultancies, remuneration of specialists and professionals, as well as a set of strict approval procedures for these kinds of expenses and for any other major expense. Weak financial management policies, procedures and practices are an open invitation to corruption.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 3.3

7. Putting in place effective financial controls

A clear sign of an organization's vulnerability to corruption and fraud is a lack of attention paid to issues uncovered by internal audits.

---

[5] *Source:* Comptroller and Auditor General of India (2011). *Audit Report on XIXth Commonwealth Games 2010*. Delhi: Union Government (Civil) Report No. 6 of 2011-12, pp. 32-3.

The Authority must have in place strict measures to preserve the integrity of accounting books, records, financial statements or other documents related to public expenditure and revenue and to prevent the falsification of such documents.

The Authority should subject its internal control systems, in particular its accounting and record keeping practices, to regular reviews and audits in order to provide assurance on their design, implementation and effectiveness.

A high-level financial supervision committee may be established within the Authority.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 3.4

8. Building a strong internal audit capacity

Regular reviews and internal audits should be conducted by experts with adequate forensic training in detecting suspicious transactions, bribes, potential fraud and apparent conflicts of interest.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 3.5

9. Adopting transparent and effective policies and procedures regarding external audits

External audits, following rigorous standards, must be conducted prior to, during and after the event. Government appointed independent auditors must be granted unlimited access to all financial transaction records.

Public reporting on internal and external controls

The Authority should report publicly on the operation and outcomes of its internal and external controls systems and activities to:

- Describe specific internal checks and balances such as approval policies and processes, audit plans, expense and invoicing guidelines, etc., aimed at detecting and/or preventing corruption and how these support the anti-corruption commitment;

- Describe how often these internal checks and balances are reviewed;

- Describe the internal controls policies and processes (e.g. frequency, scope of organizational coverage, degree of control automation, international frameworks used);

- Report whether internal and external audits have taken place; and

- Report on the specific mandates given to the audit function, internal and external where applicable.

The Authority can provide qualitative and quantitative information and highlight practical actions undertaken or outcomes achieved.

Questions for an assessment

  📖 Refer to the Corruption Prevention Checklist, section 3.6

10. Ensuring financial transparency and reporting publicly

Transparency is linked to accountability and is the best antidote to organizational corruption. The Authority must actively promote transparency in its budgeting and financial administration, as well as in all key decisions affecting the financial viability/sustainability of the event or any of its major components.

Measures must be implemented to facilitate frequent, timely and accurate financial reporting to public authorities and to the public.

Financial information must be reported publicly at all stages of preparation of the event and thereafter.

Reporting on any transfer of assets to other entities for legacy use or any other purpose must continue even after the major event has taken place and the project's financial records are finalized.

Questions for an assessment

  📖 Refer to the Corruption Prevention Checklist, section 3.7

11. Key points to remember

- The Authority must ensure that there is a strong accountability structure to financially manage the organization of the major event.

- Measures are necessary to ensure the integrity and efficiency of the budgeting and financial planning process adopted by the Authority.

- The Authority should ensure that all of its business activities are executed properly, especially those in high-risk processes such as financial reporting, procurement, sales, and contracting.

- The Authority should also report on its anti-corruption efforts, internal control and record keeping.

- Sound financial management policies, procedures and practices must be adopted and implemented.

- Effective financial controls must be applied at all stages of the organization of the major event.

- It is important to build a strong internal audit capacity within the Authority.

- There must be transparent and effective policies and procedures, preferably set by law, regarding external audits.

- The Authority must operate in a financially transparent manner and regularly report publicly on its financial operations. Delays in financial reporting must be avoided.

.-.-.-.-.

Chapter 11: Mitigating the risk of corruption in the procurement process

1.   Introduction

Because of the scale of the procurement process involved in staging a major event and the short time frame within which it must be completed, the Authority needs to establish appropriate systems of procurement based on transparency, competition and objective criteria in decision-making. This is absolutely crucial and an obligation under the Convention.

Existing public procurement policies must be reaffirmed. If existing processes and criteria for public procurement decisions need to be adapted in some way to the circumstances surrounding the organization of the major event, the new criteria must be firm, objective, transparent and publicly available.

Published public procurement and tendering rules must establish, in advance, the conditions of participation, including selection and award criteria. In particular, time pressures and predictable calls for efficiency and expediency should not in any way weaken existing procedures to properly document procurement decisions and allow for the subsequent verification of the application of the relevant rules and criteria.

The chapter reviews the following relevant risk mitigation strategies:

- Adopting effective procurement policies to achieve value for money and prevent corruption

- Building the Authority's procurement capacity

- Adopting effective procurement practices

- Adopting and practicing sound contracting practices and procedures

- Ensuring the close supervision of every stage of the procurement process

- Keeping complete, accurate and transparent records of procurement

- Adopting measures to reduce corruption in the Authority's supply chain

The chapter deals with general risk strategies to protect the integrity of the procurement process. Subsequent chapters will deal more specifically with the

procurement of major constructions and infrastructure and the procurement of security services and equipment.

2. Objectives

This chapter will examine how the procurement process can make an Authority vulnerable to corruption. It will review the considerable risks of corruption, sometimes on a huge scale, associated with the procurement process related to the organization of a major event. The chapter will help you become familiar with some of the key principles involved in strengthening the procurement process and protecting its integrity.

3. Procurement

Procurement is the acquisition of goods, services or works from an outside external source. It also refers to a processes intended to promote fair and open competition among potential suppliers of goods and services while minimizing exposure to fraud, collusion and corruption.

Procurement activities related to a major event usually occur within the broader framework of legislation and governmental policies governing procurement practices in the public sector. If you are already familiar with the laws governing in your country the procurement process, you should try to familiarize yourself with them and find out whether they would apply automatically to the Authority responsible for a major event.

To ensure legitimate procurement procedures and adequate public records, article 9 of UNCAC requires: (a) the establishment of a sound procurement system; (b) transparency in procurement; (c) objective decision-making in procurement; (d) domestic review (or bid challenge) systems; (e) integrity of public officials; and (f) soundness of public records and finance. Note that UNCAC allows parties to the Convention to "take into account appropriate threshold values in their application", when applying the fundamental principles of transparency, competition and objective criteria in decision-making.

📂 **Public Procurement - UNCAC**

Article 9 (1) of UNCAC

Each State Party shall, in accordance with the fundamental principles of its legal system, take the necessary steps to establish appropriate systems of procurement, based on transparency, competition and objective criteria in decision-making, that are effective, inter alia, in preventing corruption. Such systems, which may take into account appropriate threshold values in their application, shall address, inter alia:

(a) The public distribution of information relating to procurement procedures and

---

contracts, including information on invitations to tender and relevant or pertinent information on the award of contracts, allowing potential tenderers sufficient time to prepare and submit their tenders;

(b) The establishment, in advance, of conditions for participation, including selection and award criteria and tendering rules, and their publication;

(c) The use of objective and predetermined criteria for public procurement decisions, in order to facilitate the subsequent verification of the correct application of the rules or procedures;

(d) An effective system of domestic review, including an effective system of appeal, to ensure legal recourse and remedies in the event that the rules or procedures established pursuant to this paragraph are not followed;

(e) Where appropriate, measures to regulate matters regarding personnel responsible for procurement, such as declaration of interest in particular public procurements, screening procedures and training requirements.

📁 **Resource and learning material**: UNODC Guidebook

UNODC (2013). *Guidebook on anti-corruption in public procurement and the management of public finances*. United Nations: New York.

In particular, see: Annex 2. *Checklist for meeting minimum requirements set out by article 9 of UNCAC*, pp. 48-53.

http://www.unodc.org/documents/corruption/Publications/2013/Guidebook_on_anti-corruption_in_public_procurement_and_the_management_of_public_finances.pdf

---

When establishing a solid procurement system it is necessary to integrate three main goals: competition, transparency and integrity. If a public procurement system reflects all three elements, the system is much more likely to achieve best value in procurement and to maintain political legitimacy. These central goals, moreover, complement one another. A fully transparent procurement system is far less likely to have problems with integrity, as many more stakeholders can exercise oversight in a transparent procurement system. The reverse is also true: a system with weak systems to enforce integrity will probably have shoddy competition, and transparency is likely to erode as corruption drains the procurement system of political legitimacy.

4. Adopting effective procurement policies to achieve value for money and prevent corruption

If the Authority is not automatically governed by the standard public procurement laws and policies, it must put in place its own policies and procedures and make them publicly available.

Notwithstanding existing procurement laws and policies that may already apply to the Authority, the Authority should develop, as early as possible, its

own internal policies and procedures in line with the objectives and requirements of the event. Such policies and procedures must be capable of producing the expected results in terms of the timely delivery of the venues, infrastructure, logistics, systems and services that are required for a successful event.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 4.1

5. Building the Authority's procurement capacity

There must be an effective procurement capacity and effective procedures and systems in place to ensure the timely acquisition of goods and services while achieving value for money and avoiding abuses in the procurement process.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 4.2

6. Adopting effective procurement practices

The present section covers six aspects of procurement practices that help mitigate the risk of corruption. They are the following:

1. Establishing a transparent and fair tendering process and publishing solicitations of proposals and notices of procurement;

2. Having in place a well-defined and transparent process for pre-qualifying or pre-selecting potential suppliers and contractors;

3. Verifying the qualifications of potential contractors and suppliers and disqualifying those that do not meet pre-established criteria;

4. Setting in place a fair procedures for communicating with potential contractors and suppliers, or potential bidders;

5. Establishing in advance the criteria for the evaluation of proposals, making the criteria public and ensuring a fair evaluation of all proposals against these criteria;

6. Establishing an effective mechanisms or procedures for potential contractors and suppliers who participated in the procurement proceedings to challenge the procurement process.

An appropriate system of public procurement, as required by article 9 (1) of UNCAC is considered to be a core component of any government programme. Ideally, all procurement activities for a major event should fall under the public procurement law of the country. There are several international tools which

may help quick assess the adequacy of current public procurement law in your country.

🗁	**Resource and learning material**

The UNCITRAL Model Law on Public Procurement

The UNCITRAL Model Law is, internationally speaking, one of the most commonly recognized public procurement codes. One of the main purposes of the UNCITRAL Model Law is to serve as a template available to national governments seeking to introduce or reform national public procurement legislation. It reflects best practice in the area of public procurement from around the world and allows governments to adapt it to local circumstances.

Source: UNCITRAL Model Law on Public Procurement, UNCITRAL, 2011. http://www.uncitral.org/uncitral/uncitral_texts/procurement_infrastructure/2011Model.html

Establishing a transparent and fair tendering process and publishing solicitations of proposals and notices of procurement

Different methods of procurement may be used by the Authority (open tendering, restricted tendering, requests for proposal without negotiation, two-stage tendering, etc.). The choice of method should be guided by policy and the decisions concerning the method to be utilized in each procurement activity should be transparent, fair, well documented, and subject to review.

🗁	**Resource and learning material**

The procurement cycle, procurement methods and associated corruption risks

To understand corruption in public procurement, it is important to understand the procurement process. Public contracting processes broadly follow the same general steps. There are generally three phases of the public procurement process: the pre-tender stage, the tender stage and the post-tender stage. Corruption risks exist throughout the entire procurement cycle:

Pre-tender stage: The pre-tender stage includes the decision on the scope of the governmental need, i.e., deciding which goods, services or works are to be purchased. The procurement officials need to identify the relevant technical requirements to determine what exactly will be sought from the private sector and when. The pre-tender stage also includes the structuring of the contracting process. In this regard, procurement personnel generally follow a pre-existing regulatory structure to determine how the process will work, including the timeframes for bidding, the stages in the process, the number of bidders who are eligible, any applicable restrictions or exceptions from normally applicable processes, and what transparent communications systems and opportunities are available between the procuring entity and the bidders. The pre-tender stage will also involve budgeting.

Tender stage: The tender stage includes the invitation to tender, which is choosing which offer or will become the contract partner by evaluating the actual tender and the tenderer, and the award of a contract based on established terms and conditions for how the goods,

services or works are to be provided. It includes any conditions or limitations relating to the award, including agents and subcontractors that may have connections to government officials.

Post-tender stage: The post-tender stage (often referred to as contract administration) refers to the administration of the contract to ensure effective performance. Further interactions of many kinds between the successful bidder and governmental authorities continue during the course of contract performance, e.g., regarding benchmarks, changing orders, payment schedules, licensing and permits.

Source: UNODC (2013). *Guidebook on anti-corruption in public procurement and the management of public finances*. United Nations: New York.

http://www.unodc.org/documents/corruption/Publications/2013/Guidebook_on_anti-corruption_in_public_procurement_and_the_management_of_public_finances.pdf

It is important to understand how the choice of the procurement method can have an impact on corruption in public procurement. There are different ways of categorizing procurement procedures, for instance distinguishing between types of procedures with or without a public notice, procedures with one or several stages, or procedures with or without negotiations.

The type of procurement procedure chosen may have a direct impact on the corruption risk involved in a public procurement. For this reason, the open tendering procedure is often considered the method of first resort (i.e., the default procurement method), and single-source tendering - which poses perhaps the highest risk of corruption and favouritism - is typically allowed only under exceptional circumstances. Single-source contracting brings with it a major risk corruption.

Those concerned about corruption have stressed that single-source procurement done in the name of extreme urgency should occur only when, for good cause, there is too little time to use the regular procedures and where the urgent event was truly unforeseeable by the procuring entity and not attributable to that entity. A procuring entity must therefore plan ahead and cannot claim that a requirement was unforeseeable simply because the procuring entity failed, for example, to gain the external and internal approvals in due time, or that the minimum deadlines for bid submission cannot be met. In the context of direct contracting, it is therefore essential that procurement legislation specifies in detail the grounds under which single-source procurement may be used. These grounds must then be strictly interpreted, and the reasons for use documented in the procurement file.

Notices of procurement and solicitations of proposals must be communicated in a fair, timely and realistic manner and without creating, or appearing to create, an unfair advantage in favour of potential bidders.

One must remain attentive to any sign that the bidding process has been compromised. For example, any evidence that someone outside of the procurement process may have heard of a notice of procurement or the terms of a solicitation for proposals in advance of these being officially issued, may be a sign that the integrity of the procurement process has been compromised.

Having in place a well-defined and transparent process for pre-qualifying or pre-selecting potential suppliers and contractors

The Authority should have well-defined, fair and transparent procedures in place to pre-qualify or pre-select potential suppliers and contractors. The procedures should be designed to ensure that potential suppliers and contractors meet certain ethical standards, are solvent, and have the capacity to deliver what they offer. The procedures should allow the exclusion of potential suppliers and contractors when there is evidence of a conflict of interest, or of corrupt or unethical conduct on their part.

Verifying the qualifications of potential contractors and suppliers and disqualifying those that do not meet pre-established criteria

Pre-selection procedures should verify the qualifications of potential contractors or suppliers, including professional and technical qualifications, managerial capacity, financial resources, and the legal capacity to enter into a procurement contract. They must meet ethical standard and cannot be insolvent or bankrupt. They should not be the subject of legal proceedings for insolvency, breach of ethical standards, or acts of corruption.

There should be a fair and transparent system in place to ensure that certain potential suppliers or contractors can be excluded from the procurement process when there is evidence that they have bribed or attempted to bribe someone to influence the procurement process, when they are in a conflict of interest, or have an unfair competitive advantage.

Setting in place a fair procedures for communicating with potential contractors and suppliers, or potential bidders

All communications with potential contractors and suppliers must be handled fairly so as to avoid giving or appearing to give an undue advantage to any potential bidder. All communications should be fully documented and available for future reference.

In order to prevent any abuse of selection procedures and to promote confidence in the selection process, confidentiality must be observed by all parties, especially where negotiations are involved. This is important in order to protect any trade or other information that bidders may include in their proposals and that they would not wish to be made known to their competitors.

Ensuring a fair evaluation of all proposals against these criteria

Procurement criteria must bet set in advance, be fair, and be publicly available. The evaluation procedure should be made public and the evaluation process must be transparent. The integrity of the evaluation process must be protected at every stage.

The evaluation procedures must ensure that individuals involved in the evaluation of applications or submissions by potential suppliers or contractors act fairly, impartially, and are not in a real or perceived conflict of interest.

Establishing effective mechanism and procedures for potential contractors and suppliers who participated in the procurement proceedings to challenge the process

It is important for the Authority to have in place a proper process whereby potential contractors and suppliers who participated in the procurement proceedings may challenge the process, bring any alleged non-compliance with applicable laws, policies and procedures to the attention of the Authority, or apply for reconsideration of a procurement decision that has been made.

This process should ideally include the possibility of a review by an independent body.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 4.2

7. Adopting and applying sound contracting practices and procedures

Procurement activities must be supported by effective contracting policies and practices, as well as diligent contract monitoring, supervision, and enforcement. Major events often require a flexible contracting strategy capable of addressing changing requirements, correctly allocating risk to the parties who can manage it most effectively, and controlling costs. In addition to standardized and efficient contract management procedures, the proactive management of risks, including the risk of corruption, must become an inherent part of contracting activities.

The Authority should also monitor significant contractors and suppliers, their performance and their financial situation and it should have a right of termination of contractual arrangements in the event that they are found to pay bribes, place themselves in a conflict of interest, or not comply with the terms of their contract.

All procurement contracts, including the identity of the supplier, the service or goods provided, and the price of the contract should be made public.

All instances in which it is necessary to renegotiate the terms of a contract with a supplier should be scrutinized and reviewed carefully for signs of potential weakness or lack of integrity in the procurement process.

📁	**Resource and learning material**

Observations of the Comptroller and Auditor General of India about the contracting process during the organization of the 2010 Delhi Commonwealth Games:

"Contract management by the OC was irregular and deficient. The state of contract documentation is such that we are neither sure of the entire sequence of events leading to award of contracts, nor about the total number of contracts and work orders awarded. We were also unable to ascertain complete contract-wise payments and outstanding liabilities.

The processing of certain sensitive contracts/cases was allocated in an arbitrary and ad hoc manner to certain officials who had no linkages with the concerned Functional Area. Such action diluted the process of due diligence and scrutiny. There was enormous bunching of high value contracts in 2010, particularly in the second and third quarters. The argument of urgency was used to obviate the regular process of tendering for awards of contracts. We found numerous instances of single tendering, award on "nomination basis", award of contracts to ineligible vendors, inconsistent use of restrictive Pre-Qualification (PQ) conditions to limit competition to favour particular vendors, inadequate time for bidding, cancellation and re-tendering of contracts, and inexplicable delays in contract finalization, all of which seriously compromised transparency and economy. Further, there were numerous deficiencies in the appointment of external consultants and advisors and management of the multiplicity of contracts thereof."

Source: Comptroller and Auditor General of India (2011). *Audit Report on XIXth Commonwealth Games 2010*. Delhi: Union Government (Civil) Report No. 6 of 2011-12. http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_No_6_CWG/Report_no_6_CWG.html

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 4.3

8. Ensuring the close supervision of every stage of the procurement process

The nature of the procurement process necessarily involves discretionary decision-making on behalf of an organization. The individuals entrusted with that discretionary authority fall within the high-risk group of persons

vulnerable to corruption. The procurement function therefore requires a higher level of assurance against abuse and its specific vulnerabilities need to be identified and addressed. Proactive measures are necessary to support and supervise employees performing these functions.

Questions for an assessment

🕮 Refer to the Corruption Prevention Checklist, section 4.4

9. Keeping complete, accurate and transparent records of procurement

It is absolutely essential to ensure that all aspects of all procurement proceedings are properly documented and available for review as necessary.

The Authority must maintain records of procurement proceedings in order to ensure transparency and accountability and to facilitate the exercise of the right of review of decisions by unsuccessful bidders. With e-procurement systems, a web-based process to decentralize, automate, and control purchasing, specific measures to create permanent and safe records of all transactions are particularly important.

This documentation should also include all aspects of the contracting, the contract monitoring and enforcement process, and the contractors' performance.

All documentation should be kept and made available for review, as required, for a fixed and adequately long period after the major event has been held, or for any length of time required by law.

It is often worthwhile to review procurement records and data for patterns that may indicate higher risks of corruption, e.g. a large concentration of orders to the same supplier or large variations in item contract prices within the same industry or among contracts negotiated by different procurement officers.

Questions for an assessment

🕮 Refer to the Corruption Prevention Checklist, section 4.5

10. Adopting measures to reduce corruption in the Authority's supply chain

An assessment of the risk of corruption in the supply chain should be part of a more general assessment of corruption risks and part of the Authority's comprehensive risk management process. A supply chain is the system of

organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer.

Fighting corruption in the supply chain requires an assessment of risks, a balancing of costs and benefits, and the tailoring of measures to address the risk profile.

The Authority can establish a control and monitoring framework for contracted and sub-contracted suppliers to reduce the risk of corruption in its own supply chain. Contractors can be encouraged or required to do the same for their own supply chain.

	Example: Corruption in the supply chain

The Rana Plaza Building Collapse

April 24, 2013 marked one of the world's worst industrial disasters, with the collapse of the Rana Plaza clothing factory in Bangladesh. The death toll amounted to 1,1130 workers, while approximately 2,500 were injured. The Rana Plaza factory was responsible for manufacturing clothing for many prominent brands, such as European clothing retailer Primark and Canadian retail chain Joe Fresh.

Prior to the collapse, different labour organizations were concerned with the safety of buildings in the Savar district of Bangladesh, where the Rana Plaza factory was located. However, the international brands had not been inspecting the structural integrity of the factories in their supply chain. International trade union IndustriALL stated that this demonstrated extreme complacency on the part of the international brands.

Contributing to this factory collapse including the extremely poor construction materials that were used and the unsuitable land upon which the building sat. Enforcement of standards and oversight were apparently neutralized by corruption. Mohammad Sohel Rana, the building's owner, has since been arrested for failing to adhere to numerous labour standards. Following this disaster, a legally binding building safety agreement, supported by the Bangladeshi Government was reached and was agreed to by over 50 companies.

Sources :
http://www.theguardian.com/world/2013/jun/23/rana-plaza-factory-disaster-bangladesh-primark
http://www.bbc.co.uk/news/world-asia-22635409

	Resource and learning material

United Nations Global Compact (2010) *Fighting Corruption in the Supply Chain: A Guide for Customers and Suppliers*. New York; United Nations. Get some more material from this publication

http://www.unglobalcompact.org/docs/issues_doc/supply_chain/fighting_corruption_in_the_supply_chain.pdf

Questions for an assessment

 📖 Refer to the Corruption Prevention Checklist, section 4.6

11. Key points to remember

- The scale of the procurement process involved in staging a major event and the short time period involved increase the risk of corruption and requires measures to protect the integrity of the procurement process.

- Notwithstanding existing procurement laws and policies that may already apply to the Authority, the Authority should develop, as early as possible, its own internal policies and procedures.

- The Authority must establish a transparent and fair tendering process.

- Procurement activities need to be supported by effective contracting policies and practices, as well as diligent contract monitoring, supervision, and enforcement.

- The nature of the procurement process necessarily involves discretionary decision-making on behalf of an organization. The individuals entrusted with that discretionary authority fall within the high-risk group of persons vulnerable to corruption.

- The procurement function therefore requires a higher level of assurance against abuse and its specific vulnerabilities need to be identified and addressed.

- It is absolutely essential to ensure that all aspects of all procurement proceedings are properly documented and available for review as necessary.

.-.-.-.

Chapter 12: Mitigating the risk of corruption in construction and infrastructure development

1. Introduction

The organization of a major event typically requires significant investments in the building and improvement of infrastructure, the construction of venues, or modifications to existing venues and facilities. The event may further require substantial investments in conference facilities, stadiums, hotels, health equipment and facilities, airports, roads, urban transportation, telecommunications, electric power, sanitation, and security systems.

Poor procurement and project management practices may considerably increase the risk of fraud and corruption. Delays, bid-rigging, low construction standards, failed execution of contracts and uncontrolled expenditures lead to more delays and greater costs. Risk management strategies can be employed by the Authority to mitigate these risks.

This chapter will review corruption risks and risk mitigation strategies relating to (1) procurement; (2) the private financing of projects; (3) project supervision; and, (4) the legacy use of assets.

2. Objectives

This chapter will help you understand the risks of corruption associated with the large construction and infrastructure development projects that are part of the preparations for a major event. It emphasizes the crucial importance of proper project management practices and procedures and explains of the main approaches to mitigating the risks of corruption associated with these activities.

3. Procurement in relation to major construction and infrastructure development projects

Procurement is complex and in the case of infrastructure and other large-scale projects, it often takes years from project kick-off to completion. Because officials exercise discretion at every stage of the process, corrupt officials have ample opportunities to seek irregular payments from prospective contractors. Officials who receive a bribe or accept an undue advantage may return the corrupt favour by restricting or eliminating competition; they may do so by splitting contracts which should be aggregated, tailoring award criteria to a favoured company, approving anti-competitive consortia which would

otherwise violate anti-trust laws, accepting non-responsive bids, hosting flawed bid openings or staging discriminatory contract negotiations. On the private sector side, temptations to shortcut the process, or to tilt it in some illegitimate way, similarly abound. Once a contract is issued, the temptations do not stop, as contract administration similarly involves numerous interactions between the public and private sectors that can lead to corrupt payments. Bribes can be paid to overlook bad performance or non-performance.

🗁	**Resource and learning material**

Examples of corruption and fraudulent practices at the procurement, contracting or execution stages in the infrastructure, construction and engineering industry

The Anti-Corruption Training Manual developed by the Global Infrastructure Anti-Corruption Centre and Transparency International provides the following examples of activities at the procurement, contracting or execution stages in the infrastructure, construction and engineering industry.

Loser's fee; price fixing; manipulation of pre-qualification; bribery to obtain main contract award; bribery during sub-contract procurement; manipulation of design; specification of overly sophisticated or complicated design; inflation of resources and time requirements; obtaining a quotation only for the purpose of price comparison; concealment of financial status; submission of false quotation; falsely obtaining export credit insurance; false invoicing: supply of inferior materials; false invoicing: supply of less equipment; false work certificates; excessive repair work; overstating man-day requirements; inflated claim for variations; issue of false delay certificates; concealing defects.

Each one of these and others are defined and explain in that Manual.

Global Infrastructure Anti-Corruption Centre and Transparency International (UK) (2008). *Anti-Corruption Training Manual - Infrastructure, Construction and Engineering*.
http://www.giaccentre.org/documents/GIACC.TRAININGMANUAL.INT.pdf

Capacity issues

Procurement activities relating to major construction and infrastructure projects can be very complex and often involve a number of public agencies in addition to the Authority itself. Procedures must be in place to ensure a competitive, fair and diligent procurement process for the selection of companies with a record of integrity and a capacity to deliver construction and infrastructure projects on time, on budget, and according to specifications.

The process must be able to detect and deter situations in which companies do not behave responsibly in order to maintain fair competition for all and to ensure value for the Authority's investments.

Dealing with consortia

Because of the large scale of most infrastructure projects, the interested companies often participate in the selection proceedings through consortia specifically formed for that purpose. Information required from members of bidding consortia should relate to the consortium as a whole as well as to its individual participants. The pre-selection process must include a careful review of the composition of the consortia and their parent companies. To prevent leakages of information or possible collusion among consortia and to avoid undermining the credibility of the selection process, a company should not be allowed to join more than one consortium to submit proposals for the same project.

Risk identification, allocation and management

As part of risk management, risk allocation is the allocation of responsibility for dealing with the consequences of each risk to one of the parties of a particular initiative (or a public private partnership project), or agreeing to deal with the risk through a specified mechanism which may involve sharing the risk.

The precise allocation of risks among the various parties involved in a construction or infrastructure project needs to be defined after consideration of various factors, including the Authority's requirements for the successful delivery of the major event and the level of risk faced by the companies involved, other investors and lenders (and the extent of their ability and readiness to absorb those risks at an acceptable cost). Adequate risk allocation is essential to reducing project costs and to ensuring the successful implementation of the project. An inappropriate allocation of project risks may compromise the project's financial viability or hinder its efficient management, thus increasing the cost at which the service is provided. The risk allocation negotiation and agreement process, if not properly managed, contains its own specific risks of corruption.

Project companies are typically established as an independent legal entity to manage large infrastructure projects, thus limiting the liability of the private entities involved in a large construction or infrastructure project. Their establishment facilitates coordination in the execution of the project and provides a mechanism for protecting the interests of the project, which may not necessarily coincide with the individual interests of all of the project participants.

The Authority must ensure that the project company has an equity level that ensures a sound financial basis and guarantees its capability to meet its

obligations. The Authority must also ensure that the statutes and by-laws of the project company adequately reflect its obligations under the project agreement.

Private-public partnerships

Public-private partnerships normally involve the granting of various concessions and advantages. Because of the opportunities for bribery to occur in the process, the choice of partners and the terms of the partnerships must be scrutinized carefully and the partnerships must be monitored very closely. That process creates additional risks of corruption that must be mitigated by rigorous policies and procedures.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 5.1

4. Corruption prevention and the private financing of projects

While public financing was traditionally used for major infrastructure and constructions projects, this is changing and alternative arrangements often play a role in the development of the infrastructure required for a major event. Some projects may be approved with exclusively or predominantly private funding sources (e.g. loans or equity investments) while others may be based on public and private investments that are combined in arrangements referred to as "public-private partnerships".

These kinds of public-private partnerships may be regulated by law or policies which may or may not apply to the Authority. In either case, the Authority should have adequate measures in place to ensure fair competition between public service providers or to prevent abuse of monopolistic conditions where competition is not feasible.

Privately financed infrastructure projects may include concessions for the construction and operation of new infrastructure facilities or the maintenance, modernization, expansion and operation of existing infrastructure facilities. Policies should be established that specify the type of concessions that may be granted for different types of infrastructure.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 5.2

5. Effective supervision of all major construction and infrastructure development projects

A lax or incompetent supervision of major construction or infrastructure projects can create numerous opportunities for corruption. Effective project

supervision must be ensured. In particular, all decisions to modify or accept variations in project specifications, timelines or costs must be reviewed and approved through a rigorous process.

Agreements relating to large construction or infrastructure projects should not only allocate project risks, but also define clearly the performance standards that will be monitored and enforced by the Authority. Each agreement should specify the liability or penalties that will be imposed on the contractor in case of non-performance or a failure to fulfil its obligation. The monitoring and enforcement function must be protected from undue pressure or corruption.

Questions for an assessment

 Refer to the Corruption Prevention Checklist, section 5.3

6. Preventing the risk of corruption in relation to the legacy use of assets acquired or created for the major event

Given the significant amounts of public funds often required to build the venues, systems and infrastructures required for a major event, it is strongly recommended that a plan be developed for the transfer of these assets to the competent authorities for public use after the event. The transition to legacy use of these assets creates several opportunities for fraud and corruption. That risk is accentuated by the fact that the transition is often poorly planned and not managed by the Authority itself. Existing community infrastructures and venues may have been improved or upgraded by the Authority in exchange for their use during the major event. These arrangements bring their own risks of corruption that should be assessed and managed carefully.

Questions for an assessment

 Refer to the Corruption Prevention Checklist, section 5.4

7. Key points to remember

- The risks of corruption are great in the large scale construction and infrastructure development projects usually required for a major event.

- The consequences of this type of corruption can be enormous in terms of delays, bid-rigging, low construction standards, failed execution of contracts, and uncontrolled expenditures lead to more delays and greater costs. They may even compromise the success of the event.

- Some standard precautions should be taken during the procurement process when dealing with a consortium of companies or developing private-public partnerships.

- Attention must be paid to risk allocation and risk management in the context of major construction or infrastructure development projects.

- Public-private partnerships are often a significant aspect of major construction and infrastructure development projects and adequate measures must be in place to ensure fair competition and prevent abuse of monopolistic conditions.

- Nothing can effectively replace the close and effective supervision of all major projects.

- The transition to legacy use of assets developed or acquired for a major event creates opportunities for fraud and corruption. Risk mitigation measures are also required with respect to the legacy use of assets.

.-.-.-.-.

Chapter 13: Mitigating the risk of corruption associated with the procurement of the security infrastructure and equipment

1. Introduction

Security operations are one of the most significant costs associated with the hosting of a major event. Given the global stage on which events are organized and held, there may be intense political pressure to overestimate security risks which can create opportunities for corruption in the procurement related to security arrangements. There is the further risk that an almost limitless budget can be justified in the name of planning in order to avoid the consequences of a major security breach during the event.

As was discussed, anti-corruption policies, procedures and practices are required for all aspects of the Authority's procurement activities. However, because of their sensitivity, the procurement and delivery of security infrastructure and services requires particular attention.

One major, yet obvious, particular characteristic of security procurement is the need for confidentiality and secrecy to preserve the efficiency and efficacy of security arrangements. Revealing the exact nature of the security arrangements established for a major event could defeat the purpose of these arrangements.

2. Objectives

This chapter will help you understand the risks of corruption associated with the procurement of security services and equipment and some of the main approaches to the mitigation of that particular type of risk.

3. Organizational and accountability structure to prevent the risk of corruption in the procurement of security services and equipment

In some jurisdictions, there may be a national law enforcement agency with a capacity to manage the security requirements of the event. If so, the relationship between that agency and the Authority, as well as their respective responsibilities with respect to security arrangements for the event, must be clearly delineated.

Where such an agency is not available, alternate arrangements must be made in cooperation with various stakeholders, including the various security agencies involved.

Given the time pressures and highly charged nature of security planning, it is important to ensure that key security positions at both the planning and execution stages of the event are filled with individuals capable of fulfilling the critical roles assigned to them.

Law enforcement agencies responsible for securing major events must avoid the tendency to assign, often on the basis of seniority, highly specialized responsibilities (e.g. project planning, procurement, mobilization) in-house to people who do not have the required experience and expertise.

Given the ever-increasing budgets required for security arrangements for a major event, a singular budgeting and financial management responsibility centre is required with clear lines of reporting and accountability to the Authority.

Mechanisms must be in place in order to make information about the security arrangements available to the public without compromising the integrity of these arrangements.

Questions for an assessment

 Refer to the Corruption Prevention Checklist, section 6.1

4. Protecting the integrity and efficiency of the procurement process for security services, infrastructure and equipment

It is most important to ensure that the planning and procurement of security services, equipment and infrastructure are conducted by experienced individuals with prior experience in managing large and complex security arrangements who have the knowledge, skills and expertise required to undertake the activities associated with staffing, procurement, logistics and budget oversight.

Local law enforcement agencies may not always have the necessary experience to perform these critical functions which may amplify existing risks of corruption.

Questions for an assessment

 Refer to the Corruption Prevention Checklist, section 6.2

5. Preventing corruption in relation to the legacy use of security infrastructure and equipment procured in preparation for a major event

The Authority must be aware of the potential for corruption beyond the closing ceremonies or last day of the event. There must be mechanisms to ensure a culture of integrity and transparency as decisions are made with respect to the assets acquired or developed as part of the security arrangements for the event.

Since most security-related assets are typically transferred to some of the same agencies who were involved in the procurement process, specific opportunities for corruption may exist both during the procurement process and at the time of the disposal or transfer of these assets after the event.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 6.3

6. Arrangements with public and private agencies responsible for security

The Authority should be ready to contract out roles that are more effectively fulfilled by other public and private agencies.

The Authority should consult with key agencies in the public security sector to develop an overall security plan and delineate the respective roles and responsibilities of all the agencies involved.

A careful assessment of all private suppliers' capacity to provide the required security services is necessary. For example, during the planning for the London Olympic Games, the global security firm G4S sought and obtained a very large contract (£284m) to provide security services during the Games. However, the company was unable to provide the 10,400 security guards that it had undertaken to recruit, train and deploy. Hundreds of police officers from nine forces and thousands of soldiers had to be deployed to compensate for the firm's failure to supply the necessary staff. It was reported in the media that the firm had to pay all police and military costs caused by its failure to provide the services and that the market value of the company's share was also negatively affected.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 6.4

7.   Key points to remember

- A strong and effective organizational and accountability structure must be in place to prevent the risk of corruption in the procurement of security services and equipment.

- Risk mitigation measures are required to protect the integrity and efficiency of the procurement process for security services, infrastructure and equipment.

- Measures are required to prevent corruption in relation to the legacy use of infrastructure and equipment procured in preparation for a major event.

.-.-.-.-.

Chapter 14: Involving the private sector in the corruption prevention strategy

1. Introduction

The private sector plays a huge role in the preparation of a major event. The potential for sizeable profits attracts various segments of the private sector. The procurement of goods and services and the development of the infrastructure required for a major event directly involve the participation of the private sector. The financial services sector is involved in financing various aspects of both the public and the private sectors' activities in relation to the organization of a major event. Given the sound business basis that motivates most corporate involvement, the private sector has its own reasons for wanting to prevent corruption. There are also significant reputational and financial risks involved for a company entangled in a corruption scheme.

The relative strength of the private sector's own corruption prevention policies and practices is very relevant to the Authority which can work with the private sector to identify corruption-related risk factors and help the private sector address these factors. Mapping common risks and threats can help in the formulation of effective responses and support meaningful cooperation between the Authority and relevant private entities. Incentives can be offered for the adoption of good practices.

2. Objective

The chapter emphasizes the crucial role of the private sector in preventing corruption. It offers suggestions in terms of how this role can be supported. The chapter also deals with the risk of corruption associated with sponsorship agreements and the negotiation of broadcastings rights. It will help you understand some of the measures that can be taken to mitigate these particular types of risk will be reviewed.

3. UNCAC framework

Article 12 of the Convention calls for action to prevent corruption involving the private sector. This includes ensuring that private enterprises have sufficient internal auditing controls to assist in preventing and detecting acts of corruption and that their accounts and required financial statements are subject to appropriate auditing and certification procedures.

Cooperation between the Authority and relevant private entities is very important and can be supported by concrete measures such as those provided in article 12 (2) of the Convention. These measures can focus on: promoting good commercial and contractual practices among businesses and in the contractual relations of businesses with those responsible for the organization of the major event; training business actors involved in the procurement processes, sponsorship arrangements, and business contracts with the agency responsible for the organization of the major event; preventing conflicts of interest; ensuring transparency within the private entities, including in relation to the identity of the legal or natural persons involved in the establishment or management of companies; and, preventing the misuse of procedures regulating private entities, including those regarding subsidies and licences granted by public authorities or the Authority.

The Convention further requires States parties to consider adopting legislation and other measures not only to prevent bribery of public officials and bribery in the private sector, but also to establish it as a criminal offence in law (articles 15 and 21). Some of these laws make a company liable to prosecution if a person associated with it bribes another person intending to obtain or retain an advantage in the conduct of business for that organization.

4. Cooperation with the private sector to prevent corruption

The private sector has a vested interest in contributing towards universal ratification and implementation of UNCAC. Companies operating in highly competitive markets need to be assured of the fairness and equity of their business relations. By working in partnership with States and international organizations and by investing in countries that need assistance, businesses can help achieve these competitive, but fair markets.

The Authority may work with the business community, suppliers and contractors and make them an integral part of its anti-corruption plans and activities. Integrity agreements (pacts) may be encouraged among key stakeholders to encourage transparent, ethical and collaborative public-private partnerships and to encourage an anti-corruptive culture. A sectoral approach can be used to work with different sectors to encourage a sense of communal accountability and professional pride in maintaining a high level of integrity.

Integrity pacts and similar citizen-monitoring mechanisms for major events, in particular for infrastructure projects, procurement and other contracting activities, are emerging as a promising corruption prevention strategy.

	Example: The United Nations Global Compact
	The UN Global Compact asks companies to embrace, support and enact, within their

sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption. Principle 10 deals with the prevention of corruption:

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The adoption of the tenth principle commits UN Global Compact participants not only to avoid bribery, extortion and other forms of corruption, but also to develop policies and concrete programs to address corruption. Companies are challenged to join governments, UN agencies and civil society to realize a more transparent global economy.

Source: https://www.unglobalcompact.org/AbouttheGC/TheTENPrinciples/

Case study: Brazil and the Preparations for the World Cup

On the Urban Mobility Construction Works – Assessment of the Office of the Comptroller General (CGU)

Given the global impact of the 2014 World Cup, the Federal Government has adopted selected measures to improve the quality of national urban mobility during the event, notably in the host cities. Additionally, government action also seeks to leave a legacy for the Brazilian cities through the implementation of structuring urban mobility undertakings.

With regard to urban mobility undertakings related to the 2014 World Cup, CGU´s assessment indicated process inconsistencies and the most critical points related to the precariousness of local and regional planning for transports and urban mobility, the deficiency or even non-existence of engineering projects and the underestimation of the costs necessary to implement these undertakings. Concerning the latter point, there were situations in which the costs estimated by local managers were substantively lower than the costs internationally accepted and practiced.

The managers were warned of the possibility of measuring costs that were substantively higher than what was originally estimated at the end of the executive projects. The Ministry of Cities, federal manager of programs for urban mobility, issued the following recommendations:

Keep constant review and monitoring of the schedule for the undertakings comprised in the Matrix of Responsibilities;

Submit to the GECOPA a proposal that establishes that undertakings with commercial operations to be initiated after May 2014 should be removed from the Matrix and would subsequently not be entitled to enjoy the benefits comprised in Law Nr. 12,350/2010;

Request state and municipal managers whose undertakings are to be completed after May, 2014, to present an Operational Plan for Urban Mobility to be applied during the event. This Plan should comprise actions related to the mobility of the resident population and tourists visiting the country.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 7.1

5. Anti-corruption programmes in the private sector

The Authority may provide specific guidance to the private sector about how it may achieve compliance with national laws criminalizing bribery and other corruption offences.

Companies doing business with the Authority or any of the stakeholders involved in the organization of the major event must commit themselves to implementing and enforcing a programme to prevent and counter corruption.

Taking into account their obligations under the laws of the countries in which they operate, companies must adopt and implement strict anti-corruption policies, integrate these policies into organizational structures, assign roles and responsibilities, develop, and enforce detailed implementation plans.

The Authority can also seek and obtain the cooperation of professional associations, unions, and key financial institutions in preventing corruption.

	Example

> The Authority may require the private companies it deals with to implement rigorous and well-grounded anti-corruption policies and practices in order to be eligible to bid on contracts associated with the major event. Taking into account their obligations under the laws of the countries in which they operate, companies can be required to adopt and implement strict anti-bribery policies, integrate these policies into organizational structures and assign responsibility, as well as develop detailed implementation plans.
>
> An increasing number of companies are demonstrating leadership by implementing effective anti-corruption ethics and compliance programmes. To be effective, such a programme must be integrated into the company's overall ethics and compliance framework. General Electric's Government Business Centre of Excellence provides an example of a private sector initiative to develop a readiness to respond to bidding requirements and the pressures inherent in completing contracts for major events once they have been awarded. The comprehensive and well established internal compliance programme grounded the involvement of GE in Olympic sponsorship since 2003.

	Resource and learning material: Anti-Corruption Ethics and Compliance for Business

Neither governments nor companies can fight corruption alone. The private and public sectors must work together in this effort. To this end, the most significant international anti-corruption instrument - the United Nations Convention against Corruption (UNCAC) - considers the private sector's engagement as essential to the fight against corruption.

It is now generally accepted that businesses have a responsibility to act as good corporate citizens. This tenet is increasingly complemented with evidence and understanding among companies that fighting corruption makes good business sense and that a well-executed anti-

corruption ethics and compliance programme yields greater value over time.

The evolving international legal framework and the rapid development of rules of corporate governance around the world are now prompting companies to focus on anti-corruption measures as an essential component of their mechanisms to protect their reputation and the interests of their investors and shareholders. Increased costs due to corrupt payments, unfavourable dependencies between the supply and demand side of a corrupt act (resulting in continuous extortion requests) or missed business opportunities in distorted markets are further examples of the negative consequences of corruption for companies. But most of all, corruption is illegal and companies face serious consequences for violating the law. Such consequences, going beyond legal penalties, have a strong impact on companies, including, most prominently, on their reputation.

Companies that understand that countering corruption requires more than complying with domestic laws and avoiding negative consequences are increasingly encouraged to set themselves apart from their peers.

The *Anti-Corruption Ethics and Compliance Handbook* by the OECD, the World Bank and UNODC compiles such guidelines and related material on private sector anticorruption compliance into one easy-to-use publication. Following a comprehensive structure, the Handbook outlines principles from major organizations and complements them with anonymous, real-world cases.

In addition, UNODC has published *An Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide* which explains how an anti-corruption ethics and compliance programme is developed may vary from company to company, there are some basic common elements which a company should address. Challenges and opportunities for small and medium-sized enterprises (SMEs) are emphasized throughout that Guide. In addition, practical information for companies of all sizes regarding public disclosure of their anti-corruption endeavours to demonstrate commitment to the fundamental values of integrity, transparency and accountability is given.

UNODC (2013). *An Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide.*
http://www.unodc.org/documents/corruption/Publications/2013/13-84498_Ebook.pdf

OECD/UNODC/World Bank (2013). *Anti-Corruption Ethics and Compliance Handbook for Business.*
http://www.unodc.org/documents/corruption/Publications/2013/Anti-CorruptionEthicsComplianceHandbook.pdf

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 7.2

6. Laws regarding the public sector's involvement with the private sector

National legislation may offer a framework for the prevention of corruption, particularly as it relates to the interaction between the public and the private sector. This should guide the activities of the Authority and serve as a framework for defining the minimum standards of integrity expected from the private sector.

Conflicts of interest regulations and related restrictions are normally imposed on the professional conduct of civil servants. Civil servants, for example, may be prohibited from engaging in certain activities in relation to public tendering, procurement and consultancy activities. These prohibitions may also apply for a set period of time to former public servants. Such measures should apply to the Authority.

If relevant legislation or regulations do not already exist at the national level, the Authority should set its own conflict of interest rules and make them widely known within both the public and the private sector.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 7.3

7. Measures to be taken to prevent corruption in granting and receiving of sponsorships

Sponsorship involves providing funding for an event in return for branding and advertising opportunities or other special privileges or concessions. Sponsorships enable companies to increase their public profile in a relatively cost-effective manner. Companies often compete fiercely for sponsorship opportunities related to a major event.

The potential for corruption is linked to the lack of transparency and accountability within the organization selling the sponsorship opportunity. The risk of this kind of corruption occurring within and around the Authority must be assessed and addressed.

It is important to raise awareness among the sponsoring companies and within the Authority itself about the risks of corruption around sponsorship agreements and ways to mitigate these risks. Training tools and information can be made available as to the proper precautions to be taken to avoid corruption related to sponsorships. The Authority should develop and adhere to policies for granting and receiving sponsorships.

A sponsor may offer gifts or benefits to individuals within the Authority in order to influence sponsorship decisions. A sponsor may use a sponsorship arrangement to cultivate relationships with key people within the Authority in order to influence various internal decisions. A sponsor may also offer generous sponsorship terms in return for favourable decisions in relation to regulation, procurement or other obligations.

A sponsorship policy should provide that any actual or potential conflict of interest posed by a potential sponsorship arrangement should be identified as part of a risk assessment process.

📁	**Resource and learning material:** Sport Sponsorship

A Sponsor may face negative legal, commercial or reputational consequences if the relationship with the Sport Entity is tainted by corruption. Such risks are considerable due to the high business values associated with sponsoring a Sport Entity, resulting in sometimes fierce competition among companies to win sponsorship deals with prestigious Sport Entities. Furthermore, Sport Sponsorship is sometimes treated as "outside the rules" by some Sponsors (e.g., if sponsorship is explicitly demanded by the senior management of the Sponsor). In such cases, compliance rules and processes may be disregarded or set aside in order to establish a sponsorship relation.

Sponsors must therefore address a variety of corruption-related risks within their own operations such as:

- The promise, offering or giving, directly or indirectly, of an undue advantage to become a Sponsor. Sponsors need to take into account that risks of corruption may already be present in the selection process of the targeted Sport Entity. Employees may bribe representatives of the Sport Entity to win a Sport Sponsorship Agreement (especially in the case of high-profile Sport Entities or events with high competition between Sponsors vying for sponsorship);

- The promise, offering or giving, directly or indirectly, of an undue advantage by the Sport Entity to obtain sponsorship. Sponsors also face the risk that their own employees solicit or accept undue advantages (e.g. payments, kickbacks, gifts) from the Sport Entity to establish a sponsorship relationship.

- Conflicts of interest: Employees may face conflicts of interest in awarding Sport Sponsorship Agreements when the individual interest of the employee conflicts with the employer's interest;

- Misuse of Sport Sponsorship to obtain an undue competitive advantage. For instance, a company may sponsor a client's favourite or even associated Sport Entity team primarily for the purpose of inappropriately obtaining a commercial contract from the client. In such a case, the Sport Sponsorship may be misused to subterfuge corrupt payments. The fact that the real value of a sponsorship in many cases is hard to measure and that compliance programmes seldom reflect the special circumstances under which sponsorships are negotiated and executed adds to this risk; and,

Misuse of Hospitality to obtain an undue advantage. An invitation to a sport event may be offered to unduly influence business partners or public officials.

Therefore, specific attention is suggested, especially as there is no clear line to distinguish acceptable relationship building from inappropriate Hospitality. For instance, VIP tickets to high-profile sport events may be issued to business partners or public officials to influence the recipient and gain an inappropriate business advantage (e.g., receiving a public contract, obtaining critical licenses).

Additional corruption-related risks that stem from the Sponsor's own activities related to Sport Sponsorship or Hospitality may include money-laundering, infringement of anti-trust regulation or fraud. Sponsors may also face the risk of being forced into a Sport Sponsorship relationship, for example, where a potential refusal to sponsor would result in serious consequences for the eventual Sponsor (loss of contracts or even

extortion). This may be the case when Sport Entities are closely related to public officials or major business partners.

Source: UN Global Compact (2013). *Fighting Corruption in Sport Sponsorship and Hospitality: A practical guide for companies.*

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 7.5

8. Measures to prevent corruption in relation to the sale of broadcasting rights

Given that the sale of broadcasting rights for many major events - particularly sporting events - may be a significant source of revenue for the Authority, it is necessary to have a strong, fair, and well managed process for allocating and selling these rights and obtaining fair value for them. The competitive bidding and contract negotiation processes are both complex and potentially vulnerable to corruption.

The media are responsible for adopting their own rules and policies with respect to the acquisition of broadcasting rights for major events. These rules must also cover their relationship with major corporate sponsors of the event who will wish to maximize the commercial impact of their sponsorship investments through media advertising.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 7.6

9. Key points to remember

- An effective strategy for the prevention of corruption in the organization of a major event must build on extensive collaboration with the private sector.

- The Authority must exercise vigilance in preventing corruption in both the granting and the receiving of sponsorships. The Authority should develop and adhere to policies for granting and receiving sponsorships.

- Measures are also required to prevent corruption in relation to the sale of broadcasting rights. It is necessary to have a strong, fair, and well managed process for allocating and selling these rights and obtaining fair value for them.

.-.-.-.-.

Chapter 15: Detection of corruption and law enforcement

1. Introduction

For preventive measures to be effective, they need to be supported by adequate and firm responses to incidents of corruption. The Authority has no direct responsibility for law enforcement, but it has a duty to cooperate with law enforcement agencies in the detection, investigation and prosecution of acts of fraud and corruption. The Authority also has a responsibility to put in place internal compliance mechanisms and procedures to receive, monitor and investigate complaints relating to alleged or suspected incidents of fraud or corruption.

2. Objectives

This chapter focuses on the responsibility of an Authority to set in place adequate mechanisms for detecting, receiving complaints, and monitoring and investigating incidents of alleged or suspected corruption or fraud. It will acquaint you with the important role of a "compliance officer". It will also present various measures to facilitate the reporting of suspected incidents of corruption and to protect those who make these reports in good faith.

3. UNCAC framework

Chapter III of the Convention requires the criminalization, prosecution and sanction of corruption, including corruption in the private sector (articles 21-22). The effective enforcement of anti-corruption measures requires mechanisms to facilitate the reporting of corrupt behaviours, such as protection for whistle-blowers (article 33) and witnesses (article 32), and measures to encourage cooperation between national authorities and the private sector (article 39). Measures to criminalize the obstruction of justice (article 25) and to ensure that legal persons are held liable for acts of corruption (article 26) are also directly relevant.

4. Responsibility for compliance monitoring

The issue of compliance monitoring will be examined in greater detail in the last chapter, the present chapter emphasizes the role of managers and supervisors throughout an organization in ensuring compliance with existing anti-corruption policies and in detecting and reporting apparent incidents of corruption.

The Authority should adopt procedures and mechanisms to receive, monitor and investigate complaints relating to alleged fraud and corruption. The Authority also needs to have an internal capacity to investigate such allegations. The Authority should establish a compliance officer function within its organization.

Internal auditors should be called upon to help investigate situations where there is a suspicion of corruption.

All supervisors and senior managers should be alert to the risk of corruption in their respective areas of responsibility. They need to have an understanding of what corruption is and how it can occur. They should be aware of things that might constitute red flags (⚑), or indicators of corruption. Corruption is likely to continue undetected if the relevant managers or supervisors are not alert to the possibility of corrupt conduct and is unaware of the corruption risks in his or her own area of responsibility.

Effective supervision and checking practices are essential strategies for detecting corruption. They are also important means of preventing corruption by reducing the opportunities for motivated individuals to engage in corrupt conduct. In fact, a review of corruption cases often reveals that inadequate supervision had very often contributed to the problem.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 8.1

5.   Reporting

An important means of identifying breaches of a code of conduct and potential incidents of corruption is therefore to introduce an effective system for reporting suspicions of breaches in general, and corruption in particular.

Agencies should have measures in place to facilitate the reporting by public officials or members of the public of acts of corruption, misconduct, or conflicts of interest that come to their attention. Confidential phone lines and other practical measures can be used for that purpose.

There is no common legal definition of what constitutes whistleblowing. The International Labour Organization (ILO) defines it as "the reporting by employees or former employees of illegal, irregular, dangerous or unethical practices by employers." In the context of international anti-corruption standards, the 2009 OECD Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions (Anti-Bribery Recommendation) refers to protection from

"discriminatory or disciplinary action public and private sector employees who report in good faith and on reasonable grounds to the competent authorities...". Article 33 of UNCAC refers to "any person who reports in good faith and on reasonable grounds to the competent authorities any facts concerning offences established in accordance with this Convention" (see also articles 8 (4) and 13 (2) of UNCAC). The Council of Europe Civil Law Convention on Corruption refers to "employees who have reasonable grounds to suspect corruption and who report in good faith their suspicion to responsible persons or authorities."

The Authority should have appropriately resourced reporting unit (or whistle-blower unit) at the highest possible organizational level. This is most important for encouraging employees, business associates, partners, agents and others to report suspicious circumstances or activities to the Authority.

There should be a process and procedures in place that maximize assurances of confidentiality when reporting alleged incidents of corruption, including hotlines, need-to-know information transfer procedures, and identity disclosure protections.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 8.3

6. Cooperation with law enforcement

The Authority is not directly responsible for law enforcement, but it has a duty to cooperate with law enforcement agencies in the detection, investigation and prosecution of acts of fraud and corruption.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 8.2

7. Corruption investigation

An Authority should have an internal capacity to thoroughly investigate and report on any alleged incident of corruption or misconduct on the part of officials and staff. The mission of this unit is generally one of oversight, including the investigation of all incidents of alleged corruption. In some instances, they share this responsibility with other external agencies, such as a comptroller general office, a law enforcement agency, or an anticorruption body. In all instances, the units have a responsibility to cooperate with law enforcement agencies.

The selection of members of an effective internal investigation team is crucial to the success of an investigation. Members should possess the specific

investigative skills likely to be needed, should have proven integrity, and should be willing to undertake the work. Corruption usually involves a financial gain. The investigators must be familiar with financial investigation and prosecution methods. The backgrounds of investigators should be thoroughly checked from time to time, including social and family ties and lifestyles.

8. Key points to remember

- An Authority should have in place adequate mechanisms for detecting incidents of corruption, receiving complaints, and monitoring and investigating incidents of alleged or suspected corruption or fraud.

- A "compliance officer" can play an important role in detecting and responding to incidents of corruption.

- A whistle-blower is someone who alleges, in good faith and on reasonable grounds, an infraction or an irregularity or act as a witness in the investigation or prosecution of incidents of corruption.

- A "reporting unit" or "whistle-blower unit" should be established by the Authority and report at the highest level.

- The Authority's policies should encourage close and complete cooperation with law enforcement authorities in the investigation of alleged or suspected incidents of corruption.

- Investigations of alleged corruption incidents can be very complex and sometimes require modern methods of investigation.

.-.-.-.

Chapter 16: Mitigating the risk of corruption in post-event activities

1.   Introduction

Even once the major event is over, some of the activities following its conclusion may hold a high risk of corruption. This is the case, for example, in the process of disposal and transfer of assets for legacy use once the work of the Authority has been completed. That risk may be amplified by the fact that the process in question may not be conducted directly by the Authority itself. At the same time, the post-event period also offers the Authority, the various stakeholders and the Government involved in preparing and holding the major event a unique opportunity to draw the lessons they have learned with respect to corruption prevention.

2.   Objectives

This chapter will help you understand the risks of corruption that persist even after a major event has been successfully concluded. It will also help you become familiar with some of the basic precautions that must be taken to mitigate these particular risks.

3.   Disposal of assets

The various assets acquired or created for the purpose of the major event must be sold, transferred, converted for legacy use, or otherwise disposed of. Measures must be taken by the Authority or its legal successor(s) to supervise the disposal of such assets and prevent asset losses or illegal/corrupt transfers.

Case Study: Planning for the Disposal of Assets

The Government of China took a number of important measures to strengthen post-game supervision and the management of funds and materials to prevent asset loss after the Beijing Olympic Games and the Shanghai World Exhibition. Some of these measures included:

➢ Establishing the material and fund disposal group with permanent members of the logistics department, financial department, legal affairs department and supervision and audit department and other members of various competent management departments;

➢ Disposal of materials belonging to BOCOG was divided into two stages of centralized disposal and separate disposal;

➢ Competent departments first affirmed the status of the materials before the

---

logistics department checked the ledgers and verified their values with the financial department;

➢ Material disposal was mainly entrusted to Beijing Equity Exchange, with enterprises in areas such as appraisal, auction and renewable resource recycling as the subsidiary channels;

➢ Materials with original unit value exceeding 100,000 yuan or original batch value exceeding 200,000 yuan were in principle appraised and entrusted to social intermediary agencies for disposal;

➢ For materials of departments with special missions such as the torch relay and other cultural activities, competent departments put forward disposal plans and submitted them to disposal groups for discussion;

➢ Broken or discarded materials with no appraisal values or requiring the payment of high appraisal fees were entrusted to social intermediary agencies or BOCOG itself for disposal after approved by disposal groups;

➢ Audit and supervision departments conducted supervision on the whole process of material disposal.

BOCOG divided all the assets into three categories of general materials, materials for special purpose and special materials. It disposed of them by means of public auction, paid utilization by venues, recovery by suppliers, discounted transfer and donation.

Materials with great significance such as stage properties and performance costumes for the opening and closing ceremony were handed over to cultural heritage bodies, archives and museums for specific use.

According to the financial audit report by the National Audit Office, BOCOG's revenues from material disposal reached 240 million yuan with more than 95 percent of materials being retrieved after the Games.

36 stadiums and gymnasiums and 66 independent training centers and national training bases were built, renovated, or expanded in Beijing, Tianjin, Shanghai, Shenyang, Qinhuangdao, Qingdao and Hong Kong, etc. with total investments of 19.49 billion yuan.

According to report of the final financial audit, the surplus of the Beijing Olympic Games exceeded 1 billion yuan. All the Olympic stadiums and gymnasiums passed the final examinations and 118 national awards were won.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, sections 9.1

4.   Rights of successor(s) and the end of the authority's mandate

It is important to ensure the continuation of legal and other procedures to collect penalties, fees and royalties and recover damages that may be owed to the Authority.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, sections 9.2

5.   Learning opportunities

Given the Authority's considerable investment in corruption prevention strategies and systems, procedures and activities, there is a unique opportunity for important lessons to be drawn and for good practices to be identified and transferred to others.

Questions for an assessment

🕮 Refer to the Corruption Prevention Checklist, sections 9.3

6.   Key points to remember

- There is a considerable risk of corruption associated with the disposal and transfer of assets after the conclusion of a major event.

- There is also a risk of corruption associated with the collection of revenues, royalties, penalties after the conclusion of a major event. The rights of successors must therefore be clearly established in a public and transparent way.

.-.-.-.-.

Chapter 17: Compliance monitoring

1. Introduction

The Authority must identify a responsibility centre or individual, at a high level, who is responsible and accountable for the Authority's overall corruption prevention programme.

There must be someone within the Authority who is independently responsible for overseeing anti-corruption compliance processes and activities. This centre or individual must have adequately mapped specific control activities to identify and manage corruption risks, including controls designed to address the risk of management overriding existing control measures and the risk of third party corruption.

Compliance monitoring, at the highest level of the Authority, also includes: monitoring the results of both internal and external audits; examining and following-up on allegations and reports of fraud or corruption; reviewing accounting policies and practices used and monitoring changes to these policies; and, assessing the adequacy of anti-corruption procedures, particularly in high-risk areas.

The Authority should periodically and methodically test its corruption prevention measures, properly document the results of such tests and take corrective action as necessary.

Note that secrecy about the contents of compliance monitoring reports, including internal and external audits, and delays in making such reports public may add to the Authority's vulnerability to corruption.

2. Objectives

This chapter will help you understand the crucial importance of having someone within the Authority who is independently responsible for overseeing anti-corruption compliance processes and activities and the importance also of having a process and a program for testing the integrity of the prevention measures that have been implemented by the organization.

3.   Responsibility for compliance monitoring

Because of the pressure-filled environment in which major events are organized, there may be attempts to justify exceptions to compliance with existing requirements, policies and processes in the name of expediency. Even at the most senior level, there may be a temptation to "override" some policy requirements. One may perhaps speak of a "cultural trait" that some organizations have inherited from their predecessors: an attitude based on the belief that the outcome (the successful holding of the event) is more important than the process and that, once an event is successfully held, "all can be forgiven". This expectation of "impunity" for those who have successfully organized a major event has to be challenged and corrected from the outset and throughout the planning and hosting of the event.

The Authority must identify a responsibility centre (or individual), at a high level, who is responsible and accountable for the Authority's overall corruption prevention programme. This person or centre must be independently responsible for overseeing anti-corruption compliance processes and activities and have adequately mapped specific control activities to identify and manage corruption risks, including controls designed to address the risk of management overriding existing control measures and the risk of third-party corruption. In effect, it may be desirable to create an "ethics and compliance officer function" (or focal point) within the Authority, with clear responsibilities, adequate resources and authority, and proper access to the highest levels of decision-making.

Compliance monitoring, at the highest level of the Authority or perhaps independently from the Authority, also includes: monitoring the results of both internal and external audits; examining and following-up on allegations and reports of fraud or corruption; reviewing accounting policies and practices used and monitoring changes to these policies; and assessing the adequacy of anti-corruption procedures particularly in high-risk areas.

The Authority should periodically and methodically test its corruption prevention and risk prevention measures, properly document the results of such tests and take corrective action as necessary.

For the Beijing Olympics, for example, on the day that the organizing committee (BOCOG) was officially founded, its president announced the formation of Supervision Committee to enhance supervision of all preparations for the Olympic Games. This Committee was the leading supervisory group responsible for supervising the whole preparation for the Olympic Games. Soon after its establishment, the Supervision Committee developed a Programme of Supervision Work by the Supervision Committee for the Games of the XXIX Olympiad that emphasized the goal of achieving "corruption-free Olympic Games".

For the 2014 Winter Olympics in Sochi, and in addition to the oversight of the Olimpstroi State Corporation, compliance was monitored within the framework of government auditing of contracts and contracting processes conducted by the Accounts Chamber of the Russian Federation which was responsible for the continuous monitoring and analysis of possible corruption risks. The monitoring covered all the venues and activities envisaged in the programme for construction of Olympic venues.

Questions for an assessment

📖 Refer to the Corruption Prevention Checklist, section 1.7

4. Testing of prevention measures

A number of methods can be used to test the integrity of various prevention measures. Regularly testing these measures in order to improve their efficiency is a crucial and essential part of any corruption prevention strategy.

One of the most important parts of any risk mitigation strategy is the process of "integrity assessment" or "testing". Integrity testing is a continuous process whereby the various aspects of an agency's risk mitigation strategy are subjected to a rigorous test to ensure that they actually function and address the particular risk they were designed to mitigate. It is a form of audit in which the risk mitigation strategies and the control process that have been put in place are tested to ascertain that they are actually applied and, if so, with what results. This on-going process provides a basis for constantly refining and improving the Authority's corruption risk mitigation measures.

Public integrity assessment tools usually aim at assessing the institutional framework for promoting integrity and combating corruption across the public sector and/or to identify corruption and corruption risks within specific government agencies and/or among public officials. The majority of assessment tools focus on assessing the integrity of an institution as a whole, as opposed to that of individuals. In some instances, institutions and agencies have tested public officials' integrity by simulating corruption opportunities (i.e. integrity testing) or checking their lifestyle and background (i.e. lifestyle check). This other type of "integrity test" focuses on individuals rather than systems and institutions and is more likely to prove relevant to the task of detecting corruption rather than to the development of comprehensive risk mitigation strategies.

📁	**Resource and learning material:** An assessment framework
	The Organisation for Economic Co-operation and Development (OECD) has developed an assessment framework for public sector integrity which provides policy

makers and managers with a useful roadmap to design and organize sound assessments in specific public organizations and sectors. It includes practical checklists, decision-making tools and options for methodologies based on good practices. That tool contains an inventory of methods and solutions used worldwide for conducting well-designed assessments.

OECD (2005). *Public Sector Integrity: A Framework for Assessment*. Paris: OECD. http://www.oecd.org/governance/ethics/publicsectorintegrityaframeworkforassessment .htm

---

Example: A controversial means of detection and deterrence - Integrity testing of officials

Reported by some experts as a successful means of detecting corruption, integrity testing is not authorized in many legal systems which find such methods to be in breach of fundamental principles. In jurisdictions where integrity testing is allowed, extensive safeguards need to be in place to avoid any human rights abuse and to ensure admissibility of the evidence gathered in such a way in court.

According to the OECD, "integrity testing" is a tool by which public officials are deliberately placed in potentially compromising positions without their knowledge, and tested, so that their resulting actions can be scrutinized and evaluated by the relevant authorities. There are two main types of integrity tests: (i) random, which applies to any official in any government agency/unit; and, (ii) targeted, which applies only to officials suspected of corruption. For example, an official may be offered what appears to be a genuine bribe by a person acting as a member of the public, while under surveillance by the official's employer or a law enforcement or anti-corruption agency.

Other methods include: the tracking, surveillance and monitoring of targeted officials, their movements, their associates, telephone calls, financial transactions, and other indicators of possible corrupt activity; the use of polygraph tests; background/security checks of potential employees; random or targeted inspections of employee's workplace or vehicles; document-based inspections; drug and alcohol tests; monitoring of personal life-styles; and, comparing disclosed income with spending, assessment of debt.

_____

OECD (2005). *Public Sector Integrity: A Framework for Assessment*. Paris: Organisation for Economic Co-Operation and Development, p. 68.

http://www.oecd.org/governance/ethics/publicsectorintegrityaframeworkforassessment.htm

Questions for an assessment

 Refer to the Corruption Prevention Checklist, section 1.7

- Does the Authority have procedures in place for the periodic and methodical testing of its anti-corruption measures, documenting the results of such tests, and taking corrective action as necessary?

- Are these procedures regularly applied?

- Have corrective actions been taken after integrity testing?

5.   Key points to remember

- The Authority should periodically and methodically test its corruption prevention measures, properly document the results of such tests and take corrective action as necessary.

- The Authority must identify a responsibility centre (or individual), at a high level, who is responsible and accountable for the Authority's overall corruption prevention programme.

- It may be desirable to create an "ethics and compliance function" (or responsibility centre) within the Authority.

.-.-.-.

Appendix 1 - Lexicon

Accountability: Refers to the principle that officials in public, private and voluntary sector organisations must be answerable for their actions and that there is redress when duties and commitments are not met.

Authority: The Guide and Manual refer to "the Authority" to generically refer to the organization designated by law or otherwise to organize the major event or is responsible for the coordination of the organizational activities. The Authority must have a clear and appropriate legal mandate and an effective, transparent, and accountable governance structure.

Code of conduct: A set of rules outlining the responsibilities of or proper practices for people exercising a certain function within the organization, or in a profession.

Compulsory disclosure system: Measures, procedures and systems requiring public officials to make declarations to authorities regarding outside activities, employment, investments, assets and substantial gifts or benefits.

Conflict of interest: A public office holder is in a conflict of interest when he or she exercises an official power, duty or function that provides an opportunity to further his or her private interests or those of his or her relatives or friends or to improperly further another person's private interests.

Corruption: Corruption is the abuse of entrusted power for private gain.

Illicit enrichment: A significant increase in the assets of a public official that he or she cannot reasonably explain in relation to his or her lawful income.

Integrity Testing (also: integrity assessment): A form of audit in which the risk mitigation strategies and the control process that have been put in place are tested to ascertain that they are actually applied and, if so, with what results.

Legacy use of assets: Assets that have been developed or acquired for the purpose of holding the major event that can be used for public purposes after the event. This is different from the concept of "legacy assets" which refers to an asset that has been held by an organization for such a long time that it actually has lost its original value or has become obsolete.

Politically exposed persons (PEPs): Politically exposed persons are individuals who are, or have been, entrusted with prominent public functions. They

represent 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.

Positions vulnerable to corruption: Certain officials occupy positions or perform functions that are particularly vulnerable to corruption. It is possible to identify functions, processes or systems within an organization that might be especially vulnerable to corruption or under special pressure to engage in corrupt practices.

Procurement: The acquisition of goods, services or works from an outside external source. It also refers to a processes intended to promote fair and open competition among potential suppliers of goods and services while minimizing exposure to fraud, collusion and corruption.

Public event: For the purpose of this workshop, a major pubic event is any large scale public event which requires special preparations, security arrangements, and infrastructure. These would include international sporting, cultural or high-level political events.

Public officials: Article 2(a) of UNCAC provides a comprehensive definition of "public official", a definition which would typically encompass most of the people directly involved in the organization of a major event on behalf of the host government.

Risk of corruption: The probability of a corruption incident occurring and an organization's specific level of exposure to that risk.

Risk allocation: Allocating responsibility for dealing with the consequences of each risk to one of the parties of a particular initiative (or a public-private partnership project), or agreeing to deal with the risk through a specified mechanism which may involve sharing the risk.

Risk assessment: Determining the likelihood of identified risks materializing and the magnitude of their consequences if they do materialize.

Risk identification: Determining what risks exist or are anticipated, their characteristics, source, remoteness in time, and possible impact; the process of identifying all the risks relevant to a project.

Risk management: Methods and process, governed by operational policies, used for forecasting and evaluating financial and other risks and assessing an organization's exposure to them, for identifying procedures and controls to avoid or minimize their impact (risk mitigation measures), and for implementing and monitoring these various risk mitigation measures.

Risk mitigation: A systematic reduction in the extent of exposure to a risk, the likelihood of its occurrence, or its consequences for the risk-taker. Also called risk reduction.

Risk mitigation plan: A plan, based on a proper risk assessment, to systematically reduce the extent of exposure to a risk and/or the likelihood of its occurrence (vulnerability of the organization to that risk).

Supply chain: Refers to a system of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer.

Transparency: Organizational transparency refers to the principle that public officials, civil servants, managers and directors of companies and organizations have a duty to act visibly, predictably and understandably to promote participation and accountability.

Whistle-blower: Whistle-blowers are persons who allege, in good faith, an infraction or an irregularity or act as a witness in the investigation or prosecution of incidents of corruption.