STUDY ON **COMPLIANCE** FROM

EXECUTIVE SUMMARY

THE **PERSPECTIVE** OF THE PUBLIC SECTOR

INTEGRITY

STUDY ON COMPLIANCE FROM THE PERSPECTIVE OF THE PUBLIC SECTOR

EXECUTIVE SUMMARY

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PRESENTATION

This document – the "Study on compliance from the perspective of the public sector" - is a contribution of the German development cooperation, implemented by GIZ to the debate on compliance and its relationship with the integrity instruments in the public sector.
In effect, compliance oriented to foster integrity and fight corruption is implemented more widely in the private sector. However, it is possible to hold that its particularities and elements also match developments that have arisen in government administration.

Based on this observation and considering the logic of public management, we have preferred to call it the Integrity System for the public sector, after having examined good international practices of the Organization for Economic Cooperation and Development (OECD), the Organization of the United Nations, the World Bank, the Latin America Development Bank (CAF), the World Economic Forum, the International Chamber of Commerce, the Basel Institute and Transparency International.

In this framework, we believe that the Integrity System is a tool that effectively leverages the implementation and articulation of efforts to foster integrity and fight corruption in State institutions. And this is so because it not only identifies the key factors of a strategy of holistic and synergistic action for integrity, but, at the same time, proposes to build it around an institutional framework based on firm, transparent and committed leadership.

Considering the complex and multi-causal problems in which the phenomenon of corruption is inscribed and given the importance of engaging in sustained efforts to accomplish the integrity of behaviors among individuals and state organizations, we hope that this document contributes to deepen the debate on the usefulness of these tools, as well as becoming a potential reference in designing cooperation measures conceived and executed by German development cooperation, implemented by GIZ, together with its partners and counterparts, to build sustainable capacities.

German development cooperation, implemented by GIZ.
November, 2017.

Hartmut Paulsen, Director

Support in the Implementation of the
OECD´s Recommendations in the Governance Area

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Just as in the 70s and 80s, innovations in the management of large corporations was an important source of inspiration in the public sector to guide public management towards results, today what has been learned in compliance programs can inspire strategies or models of integrity in public administrations that strengthen the fight against corruption in a more intense, articulated and effective way in the public sector.

Such efforts however should be based on the recognition and conviction that the models and strategies for the prevention of corruption in private companies are not automatically adaptable to public entities. However, the philosophy behind compliance based on cohesion, articulation, coordination, identification of risks, strengthening of the institutional structure and integrity are elements to which new public management aspires and which can be embodied in a model of integrity that starts from of the components of private compliance taking into account the particularities and complexities of the exercise of the public function.

1 Compliance in the private sector

Compliance – in its original conception in the private sector – is defined as the function of promoting in the company an organizational culture oriented to fulfill all its general and specific scope obligations by the company itself. In this regard, the Spanish Compliance Association defines it as the function that "assumes the tasks of prevention, detection and risk management (compliance) through the operation of one or several compliance programs, contributing to promote and develop a compliance culture within the organization"[1].

At the international level there are compliance-specialized institutions that have developed various guidelines[2] recommending compliance models whose components do not coincide exactly with each other, but that a comparative analysis identifies the following common denominators of a compliance model:

1 Spanish Association of Compliance. White Paper on the Role of Compliance. Madrid. March 2017. P. 9.
2 See Annex 1.

Table 1.
Components of Compliance

Components of a Compliance Model	Definitions
Commitment of Senior Management	It is the political will of the highest authorities of the entity to establish an organizational culture based on integrity. It presupposes permanent support to all the activities and actions oriented to it, as well as creating the necessary instances and allocation of sufficient resources to contribute to that purpose. This commitment needs to be expressed explicitly before the collaborators, stakeholders and the general public.
Risk management	This component is one of the most important of the compliance structure or model since it is the starting point to determine the emphasis and priorities for the various activities of corruption prevention, detection and response. • The importance of the identification of the risks and the analysis of the dimension and impact that they could have lies in the determination of the actions to mitigate their incidence. In this way, the risk approach allows making more and better informed decisions and guarantee adequate forecasting and planning of preventive and control measures. • Identifying and assessing these 3 types of risks (legal, operational and reputational), must certainly lead to the need to adopt actions aimed at preventing the commission of any event that could generate a legal consequence such as a fine, compensation payments or incarceration of collaborators, but it must also lead to prevent any event that affects the reputation of the company.

Components of a Compliance Model	Definitions
Compliance and Integrity Policies	A compliance model must have as a basis a set of policies, procedures and actions that the entity must implement in order to a) mitigate the identified risks, b) comply with the general and specific regulations applicable to the entity, and c) raise the standards of integrity of the legal entity. In this line, it is important to visualize and materialize the following aspects: • Anti-fraud, anti-corruption and anti-ML / FT policy. • Conflict of Interest Policy. • Gift Policy. • Due Diligence Policy. • Integrity Incentives and Recognition Policy. Compliance of the entity's policy, as well as its action plan, must be monitored.
Transparency and accountability	In the case of private companies, there is no specific legal framework that obliges companies to make information transparent. However, it is a good practice to generate mechanisms of maximum transparency - safeguarding confidential or reserved information according to the entity's business for the purpose of generating trust among collaborators and stakeholders. However, internally, companies must keep their collaborators and stakeholders abreast of their progress in regards of their integrity policy and achievements of their compliance program, including reporting sanctions.
External and internal controls, and audit	The accounting, economic and financial management of an entity must be permanently monitored and controlled in order to ensure compliance with applicable rules and processes, as well as ensuring the adoption of corrective measures against non-compliance. In this regard, in every public and private entity there are processes and instances in charge of internal and external controls, whether prior, simultaneous and subsequent, as well as mechanisms to audit the use of resources.

Components of a Compliance Model	Definitions
Communication and training	The communication component is of vital importance for the purposes of having the company's personnel properly aligned with the institutional objectives and with management's ethical priorities. Communication must ensure that all the messages and policies are not only transmitted but also embedded into the daily tasks inside and outside the company, in order to achieve a solid organizational ethics-driven culture.
Complaints channel and encouragement	It is essential to have an effective channel to process and effectively resolve complaints.
Ongoing monitoring and oversight	It is essential to periodically evaluate the validity of the risk analysis that gave rise to the compliance model, to identify its effectiveness, potential gaps, the sufficiency of the program for a stakeholder, etc. Based on this evaluation, which should be performed annually, the program must be adjusted by expanding or modifying efforts, or emphasizing certain aspects for a particular interest group
Compliance program official	• Monitoring, oversight and evaluation of the compliance program should trusted to an official with leadership qualities, strongly empowered by the highest instance of the entity, and with autonomy in the discharge his/her functions. • Such official should report directly to the board or head of the entity. • This official does not own the existing risks or the control processes of the entity. He/she is an official who performs a monitoring and articulation function among the management departments responsible for these processes.

2 Compliance from the perspective of the public sector. state integrity models

2.1. Integrity issues and the fight against corruption in the public sector.

In the public sector, based on the distrust of the citizenship with respect to their political authorities and their officials, progressively, through administrative laws, directives and regulations, administrative systems have been created for planning and execution of the budget, prioritizing investments, acquisitions and hiring, and control in order to limit the discretion of government agencies in those aspects that are most susceptible to corruption. Despite the rigidities that these administrative systems may impose on decision-making processes, these management control mechanisms are necessary and should constitute in themselves an adequate support to constrain corruption.

Likewise, in response to structural deficiencies and vulnerabilities to corruption, countries have advanced in setting up internal control mechanisms, civil service reforms and results-driven management, with special emphasis on results-driven budgeting, in order to contribute to meeting the objectives of the entity.

Nevertheless, even in countries that have implemented results-driven budgeting strategies and now have advanced models for the implementation of internal controls, the problems associated with corruption in any of its forms and manifestations remain and the perception of prevailing corruption has increased.

What are the factors of the low effectiveness of such systems, procedures, strategies and reforms?

Beyond the circumstantial aspects of the organization of each entity and country, the common denominators are: i) the dispersion of controls; ii) the diluted responsibilities and the lack of coordination and articulation between different authorities, iii) the low levels of effectiveness and preparation of the personnel in charge of decision-making; and iv) the absence of assessments of corruption risks and other questionable practices.

2.2. Compliance: recommended strategy to strengthen integrity in the public sector

It is essential to reflect on recommendations from specialized agencies on integrity and governance, but above all, review positive experiences around the world on the value of implementing integrity strategies based on centralized coordination and articulation by a duly empowered person (or office), as postulated by the compliance model in the private sector.

Precisely, as a result of the continuous analysis of models of intervention against corruption in different countries, the OECD has developed a set of recommendations on integrity in public administration where a cross cutting element is the need for vertical and horizontal articulation "to foster coherence and avoid duplications and gaps, and to share and benefit from the lessons learned from good practices"[3].

Along the same lines, the G-20[4] has developed High Level Principles on the Organization against Corruption where it expressly recognizes as a central principle of the organization and administration against corruption, the articulation and coordination of anti-corruption measures through the implementation of coordination units or the designation of contact persons that assume the coordination and monitoring role that guarantees the consistent application of anti-corruption measures.

However, it is not possible to conclude in a categorical way the need to implement a single model since this will depend on the peculiarities of each entity, the risks that it presents, its vulnerabilities, the strength of its institutional structure and organizational dimension, where it operates and, even the geographical place and the environment where it is located. Thus, the better the mechanisms of internal control and optimization of work management (from strategic planning to the evaluation of results), the lower will be the risk of corruption. The weaker the institutions or administrative systems, the greater the need to properly assess the risks and

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3 Recommendation of the OECD Council on Public Integrity.
4 Informal group consisting of 19 countries from the most industrialized and developed countries and the European Union with representatives of the World Bank and the International Monetary Fund. The objective of this forum is to address issues related to the global financial system in order to guarantee international financial stability.

the effectiveness (high or low) of the controls and mechanisms for dealing with corruption risks.

However, without prejudice to the risks and the smaller or larger prevention mechanisms required by an entity, a central element that cannot be ignored is the need to have an articulating mechanism for the different elements that a public sector integrity model must have. In this regard, it is essential to have a person in charge of the task to articulate, monitor and oversee the prevention, detection, investigation and punishment of corruption acts. The responsibility should fall on a professional with a high hierarchical level and solid empowerment, which, depending on the existing risks in the entity, can count on an organic body that guarantees the achievement of its mandate.

2.3. Elements and guidelines to enforce compliance strategies or integrity models in the public sector

In the framework of the evaluation to apply the compliance model in the public sector, it is necessary to analyze the organizational structure and mechanisms in the public administration of each country to prevent, detect, investigate and punish corruption in order to identify the peculiarities and complexities of enforcement.

Table 2.
Public Integrity Model

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
1. Commitment of Senior Management		Any strategy of integrity and to fight corruption must start from the explicit and real political will of the highest authority of the entity. For this, the head of the institution must have clearly established not only the importance of implementing an anti-corruption strategy, but above all, the need for its prioritization and empowerment to the officials and entities that discharge this function. The commitment of senior management is the starting point to establish a true culture of integrity.		

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
1. Commitment of Senior Management	**1.1.** Signing of letters of commitment or compliance for the implementation of internal control or anti-corruption policies	It is the obligation of the owner, steering or management bodies, to explicitly express their commitment which can be translated into the signing of letters of commitment to directly undertake the process to implement internal controls.	• ISO 37001 • Guide for Internal Control Standards of the INTOSAI Public Sector 9100 (hereinafter INTOSAI Guide GOV 9100) • Good Practice Guide on OECD internal controls, ethics and compliance (hereinafter, OECD Guide) • UN Ethics and Compliance Anticorruption Guide (hereinafter, UN Guide) • ISO 37001	• Sign a letter of commitment to implement and comply with internal control standards. • Publish the commitment of senior management on the website. • Periodically update the letter of commitment signed by new senior officials in case of changes.
	1.2. Creation of an integrity office or establishment of an integrity model	The integrity model is the set of processes and policies aimed at preventing corruption and other questionable practices in an entity.	• INTOSAI GOV 9100 Guide • High Level Principles of the G-20 for the Organization	• Modify the organizational structure of the entity incorporating this office or function.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
1. Commitment of Senior Management		Its implementation is materialized through an integrity office with i) general articulation function with respect to all elements of the model, and ii) specific function with respect to the promotion of ethics and integrity, risk management, supervision, monitoring of internal control.	against Corruption (hereinafter G-20 Principles) • OECD Guide • UN Guide • ISO 37001	• If it is a state owned company, approve through board agreement to set up an integrity office and model (and its components). • Disseminate the integrity model and the functions of the integrity office, emphasizing the importance of consolidating an organizational culture oriented towards business ethics • Disseminate these actions among the different stakeholders through written communication media (bulletins, press releases, letters), urging them to act likewise.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
				• Communicate to the community in general the new policy adopted through journalistic interviews in written, radio and television media.
1. Commitment of Senior Management	**1.3.** Make integrity a visible institutional objective	The visibility of integrity involves making explicit the priority that the entity gives to ethics. Integrity must be seen as an inherent condition of public service.	• INTOSAI Guide GOV 9100) • OECD Guide • UN Guide • ISO 37001.	• Modify the norm and / or regulation of the entity incorporating integrity and ethics as institutional objectives- • Incorporate integrity and ethics in all management documents that the entity prepares for the future. • Incorporate a clear public policy focused on business ethics into its management philosophy. • Express and make explicit this policy in all institutional

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
1. Commitment of Senior Management				spaces and events (private and public), media appearances or others. • Focus on compliance with this policy not only in the institutional sphere, but also in the private sphere.
2. Risk management		Risk management involves identifying the processes most vulnerable to crimes against public administration, but also to other questionable practices that are contrary to ethics, and from there on proposing actions (controls) for their mitigation		
	2.1. Identification, evaluation and mitigation of risk and questionable processes or activities.	The identification of risks requires identifying the most vulnerable and most critical processes of the entity, and on actions to control and mitigate them.	• INTOSAI GOV 9100 Guide • Principles of the G-20 • OECD Guide • UN Guide • ISO 37001	• Evaluate and identify risks prior to the definition of the policy and institutional plan of integrity and fight against corruption.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
		Planning based on the identification of risks allows us to better understand the entity, actively involve the staff in the objectives of the entity, organize better according to prioritized objectives and optimize management.		• Consider the provisions and methodology established in the internal control regulations for the risk identification process. • Update the risk analysis and mitigation processes annually, as per the methodology used.
2. Risk management	**2.2.** Risk and control map	A basic document for risk management that allows identifying existing processes, risks and their types (operational, financial, reputational, etc.), as well as the controls the entity applies to each.	• INTOSAI GOV 9100 Guide • Principles of the G-20 • OECD Guide • UN Guide • ISO 37001	• Continue identifying operational, financial and commercial risks annually, including reputational risks associated to potential questionable practices. • Identify and map existing controls for each risk. • Periodically update (annually) the risks and controls map.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
3. Integrity Policies		The integrity policies of each entity must be framed within the National Policy on Integrity and against Corruption. The policy is not a plan or a strategy but rather a position of the entity in front of sensitive issues that must later materialize in a plan of action.		
	3.1. Code of ethics	Document that identifies the practices of corruption and breaches of ethical and integrity principles that should not be committed and indicates the actions that must be taken to prevent, detect, investigate and sanction them.	• INTOSAI GOV 9100 Guide • Principles of the G-20 • OECD Guide • UN Guide • ISO 37001	• Incorporate gifts, conflict of interest, eventual political contributions, philanthropic contributions, travel and account surrenders policies, among others, into the Code of Ethics. • Incorporate examples in the Code of Ethics for better understanding and enforcement. • Incorporate the Code into the

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
				Internal Work Regulation in order to define the behaviors that constitute offenses, and the corresponding investigation and sanction mechanisms. • Clearly define responsibilities by levels of function and intervention in each process.
3. Integrity Policies	3.2. Conflict of Interest Policy	Identification of potential collision between the public interest and the personal, commercial, political or family interest of a certain official or servant. Identify the entity's tolerance to potential and apparent conflicts of interest.	• Guía OCDE. • Guía ONU • ISO 37001.	• Require senior officials of the entity and those in a sensitive position to sign an affidavit declaring their interests. • Establish guidelines to identify potential conflicts of interest in the entity. This depends significantly on the activity carried out by the entity, its context, personnel,

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
3. Integrity Policies				geographical area and stakeholders, • Establish clear rules for abstaining from staff functions in the event of conflicts of interest. Define at least the following: • Degree of consanguinity and affinity, by function and type of relationship with the stakeholders. • Years of personal, commercial and political relationship, by functions and type of relationship with the stakeholders. • Liability in case of non-compliance. • Consider the assumptions to avoid potential and apparent conflicts of interest. • Keep an internal database of the commercial, family

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
3. Integrity Policies				and political relations of personnel to allow the review of staff connections.
	3.3. Policy of gifts, courtesies, hospitality and others.	Identity rules that set limits for the performance of personnel in the face of the delivery and / or reception of gifts, donations, political contributions, invitations and tributes. A document of this nature seeks to avoid future real, potential and apparent conflicts of interest.	• OECD Guide. • UN Guide • ISO 37001.	• Prepare a specific policy that makes visible the following: - Types of gifts, - Hospitality, - Travel modes or type of entertainment that are acceptable or not, - Limits on their monetary value, - Characteristics of the counterparty, - Nature of the commercial relationship, - The occasion.
	3.4. Due diligence policy for each stakeholder	Requirement to the actors with whom the entity relates (suppliers, counterparts in agreements, users, other public entities, etc.) of certain requirements.	• OECD Guide. • UN Guide • ISO 37001.	Identify the relationships with the different stakeholders (customers, suppliers and counterparts): • Companies and natural persons providing goods and services.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
3. Integrity Policies		This requirement must be part of a policy in which the filters and controls are defined differently for each.		• Define filters and controls for each type of business relationship • Establish requirements and incentives for stakeholders to adopt the same standards of integrity assumed by the entity. • Adopt as a good practice the signing of integrity commitments prior to contracting with suppliers. • Ensure the inclusion of anti-corruption clauses in contracts. • Implement data analysis and information systems on the relationship with companies .

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3. Integrity Policies	**3.5.** Personnel incentive and recognition policy of	Establishment of criteria to publicly recognize staff for the values of honesty, honesty, punctuality, solidarity, etc.	• UN Guide • ISO 37001	• Establish categories of recognition and / or prizes for adherence to values. • Establish periodic dates for competitions and awards. • Publicly acknowledge the outstanding behavior of staff in the media.
	3.6. Personnel hiring policy	Definition of procedures, filters and controls for the hiring of personnel. It also defines the major controls depending on the level of greater or lesser vulnerability.	• Principles of the G-20 • OECD Guide • UN Guide • ISO 37001	• Identify positions sensitive to security and integrity. • Establish more strict filters in the procedures for hiring personnel in sensitive positions. • Evaluate the possibility of using more rigorous filters such as the use of a polygraph in sensitive positions.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
3. Integrity Policies	**3.7.** Integrity Plan and / or Fight Against Institutional Corruption.	For political positions, a plan of necessary actions is needed to guarantee compliance.	• OECD Guide • UN Guide • ISO 37001	• Develop an institutional plan in accordance with the national legal regulations and integrity policies. • Schedule the activities of the plan by goal and indicator. A plan period of at least 2 years is recommended. • Establish a monitoring mechanism. • Guarantee its diffusion. • Ensure its incorporation into the institutional management documents in order to budget the activities.
4. Transparency, open data and accountability		Transparency is a public management tool and the most important mechanism for the prevention of corruption.		

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
4. Transparency, open data and accountability	**4.1.** Active transparency	Active transparency is all information that the public entity disseminates through the internet (web page), and written, radio or television media. Certain information must be kept on the website., by requirement of the Single Conformed Text of the Transparency and Access to Information Law.	• Open Government Declaration. • INTOSAI GOV 9100 Guide • Principles of the G-20 • OECD Guide. • UN Guide • ISO 37001	Ensure full compliance with Transparency and Access to Information standards. - Upload to the website all rec-ommendations of the control bodies. - Upload to the website complete information on the remunera-tions and benefits of the staff - Make visible institutional agendas and other transparency mechanisms of daily activities of senior authorities. - Permanently up-date information on sworn state-ments of income, assets and inter-ests. - Ensure complete information is available on the web page of the

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
4. Transparency, open data and accountability				of the implementation of internal controls. - Include information on anti-corruption actions on the website as part of the implementation of the integrity model.
	4.2. Passive transparency	Passive transparency is the information held by the entity and that, not being reserved, secret or confidential, must be disclosed by the entity to the public that requests it.		• Implement an online system of requests for access to information to facilitate information and follow-up requirements.
	4.3. Classification of information	Exceptions to the transparency rule include secret, confidential and reserved information that the entity must so classify in advance. For this purpose it is necessary to explicitly assign this function to an entity official.		• Keep updated classification criteria (and the classification itself) of the information at the entity. • Depending on whether or not reserved and secret information exists, the entity must keep a record of previously classified information.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
5. Internal, external and audit controls				
	5.1. Implementation of the Internal Control System	Internal controls include precautionary, simultaneous and subsequent verification carried out by the entity itself. Their objective is to ensure proper management of resources, goods and operations.	• INTOSAI GOV 9100 Guide • OECD Guide • UN Guide • ISO 37001	• Ensure effective compliance with internal control standards, through empowerment of the body in charge of implementation. • Entrust the entity's integrity office or official charged with the monitoring function, in order to assist in implementation. • Implement a section on the website of the entity to provide information on the progress of the implementation of internal controls.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
5. Internal, external and audit controls	**5.2.** Government Control	The external governmental control is in charge of the Supreme Audit Institution (SAI) of each country. This control is external and subsequent by nature, and its purpose is to ensure the adequate use of public resources.	• INTOSAI GOV 9100 Guide • Declaration of Lima (INTOSAI 1977). • OECD Guide • UN Guide • ISO 37001	• Provide adequate logistical support to the SAI so that it can carry out its work with efficiency, effectiveness and speed. • Timely fulfill recommendations made by the SAI.
	5.3. External control by independent audit companies	External control is part of the governmental control that is carried out periodically through financial, computer systems, environment, and other audits. It is in charge of external audit companies, which, being third certified and specialized companies, guarantee objectivity and impartiality in the evaluation.		

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
5. Internal, external and audit controls	**5.4** Internal audit (state owned companies)	Internal audit is the control and monitoring of compliance with institutional objectives through a systematic and comprehensive approach to improve the effectiveness of the entity's risk management, control and corporate governance processes.	• Declaration of Lima (INTOSAI 1977). • OECD Guide • UN Guide • ISO 37001	• Provide adequate logistical support for the functions of the Internal Audit Office, if in place. • Comply with recommendations made • Guarantee the autonomy and independence of the auditor, as well as level of training and professional exertise.
6. Communication and training				
	6.1. Integrity induction to incoming staff	The induction involves the delivery to the staff in the entity of information referred not only on the operation, mission and vision of the organization, but also information about the ethical principles and integrity, as well as the sanctions to be applied.	• INTOSAI GOV 9100 Guide • Principles of the G-20 • OECD Guide • UN Guide • ISO 37001	• Prepare and implement modules or activities to raise awareness about integrity policies for the personnel that join the entity. • Draft induction manual.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
6. Communication and training	**6.2.** Permanent training on integrity policies	The concepts of integrity and the mechanisms of prevention, investigation and sanction of questionable practices must be permanently disseminated and addressed by the entity. Since the lack of integrity is a recurrent theme in society, in general, it is essential to reiterate the concepts and emphasize the need to be rigorous to the maximum in order to avoid even the appearance of irregular acts.		• Prepare an annual training program to educate staff about the current regulations, policies and procedures established for the prevention of corruption; as well as ethics and integrity; they must be appropriate to the level of responsibility of the personnel to whom they are addressed. • This program must translate into a Communications Plan.
	6.3. Communication of integrity policy to stakeholders	The integrity policy must be communicated within the entity, but also to suppliers, counterparts of agreements, other entities, and to the general public. This is also part of the due diligence, since it is required to make		• Incorporate in the regular communications with stakeholders reference to the integrity policy of the entity.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
6. Communication and training		known the real will of the entity to act under the integrity principle and to ask stakeholders to abide by the same parameters.		
	6.4. Work climate assessment	In order to require staff the highest standard of integrity compliance they must be satisfied with their work, re-cognized for the work they do, and be moti-vated and sufficiently incentivized. Therefore, to overcome any job requirement, need, concern, or dissatis-faction, those must be identified through work environment evaluations.		• Carry out surveys to evaluate existing work environment, relationships and communication. • Carry out feedback workshops with staff to evaluate results.
	6.5. Evaluation of stakeholder satisfaction	The assessment of the level of satisfaction of stakeholders is a process of continuous improvement that allows the entity to identify and remediate internal issues.		• Carry out periodic satisfaction surveys of service and attention according to stakeholder groups.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
7. Complaints channel.				
	7.1. Implementation of whistleblower channel	The whistleblower channel assumes the existence of a clear, simple and visible mechanism that allows and facilitates any person (whether worker or user) to file a complaint for a questionable practice in which a collaborator may have incurred.	• OECD Guide • UN Guide • ISO 37001	• Implement mechanisms for accepting complaints by parties, website, email, telephone line and face-to-face.
	7.2. Anonymous complaints	Anonymous reporting allows the complainant to communicate or report an irregularity act without requiring identification.	• OECD Guide. • UN Guide • ISO 37001.	• If not available, expressly establish the possibility of receiving and responding anonymously, provided the complaint is sufficiently grounded to launch an investigation.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
7. Complaints channel.	**7.3.** Whistleblower protection	Protection mechanisms t safeguard a complainant from retaliation (be it physical aggression, or labor harassment or dismissal).	• OECD Guide. • UN Guide • ISO 37001.	Put in place effective measures to protect whistleblowers At a minimum, it is suggested to consider: • Identity reservation • Labor protection against dismissal or harassment.
	7.4. Irregularity detection	Tools to proactively identify minor irregularities among personnel that could later pose major issues. Eg: integrity tests, anonymous user.	• UN Guide • ISO 37001	• Adopt proactive mechanisms to detect early inadequate personnel. • Evaluate introducing "hidden user" and integrity tests to test staff in ethics-compromising situations. Not a criminal imputation mechanism, but an administrative one.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
7. Complaints channel.	**7.5.** Investigations	Mechanisms for immediate response to the commission of an alleged act of corruption or questionable practice. These mechanisms must be independent, effective and rapid in order to eradicate any perception of impunity.	• OECD Guide • UN Guide • ISO 37001	• Establish a processing and investigation channel for fraud, corruption and other questionable practices. • Clearly establish the levels of responsibility and competence for the training phase and the decision phase (sanction). • Guarantee a Prosecutor Office is in place or, as the case may be, functions in the administration of justice, to channel and follow up on the complaints sent to the Public Prosecutor.
	7.6. Internal normative framework of infractions and disciplinary measures	Offenses are specified in clear, simple language, covering all possible presumably questionable practices.	• OECD Guide. • UN Guide • ISO 37001.	• Have and keep updated the Internal Work Regulations of the entity.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
7. Complaints channel.	**7.7.** Disciplinary bodies	Instances within the entity responsible for hearing, investigating and punishing.	• OECD Guide. • UN Guide • ISO 37001.	• Adapt the Regulation to the policies and the Code of Ethics. • Strengthen the investigation and sanctioning bodies at each entity, ensuring they are staffed and have sufficient resources to guarantee speedy action. • Guarantee independent and autonomous decisions of staff in charge of sanctioning within the entity.
8. Supervision and monitoring of the integrity model				
	8.1. Evaluation of the effectiveness of the components of the integrity model	It involves reviewing the effectiveness of the strategy to prevent questionable practices. It also means adapting to new processes,	• INTOSAI GOV 9100 Guide • OECD Guide • UN Guide • ISO 37001	• Evaluate annually the effectiveness, efficiency and sustainability of each of the components and

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
8. Supervision and monitoring of the integrity model		situations, risks and stakeholders.		sub-components that make up the entity's integrity model. • Prepare measurement indicators • Analyze compa-ratively and over time information on compliance with components and subcomponents, as applicable. • Organize participatory evaluation workshops. • Conduct internal surveys to assess the model.
	8.2. Evaluation of the operation of the area responsible for the application of the integrity model (Office of Institutional Integrity)	Review of the strength of the organizational structure to ensure compliance with the model.	• INTOSAI GOV 9100 Guide • OECD Guide • UN Guide • ISO 37001.	• Evaluate the rela-tionship between the effectiveness, efficiency and sustainability of the model and support to the professional or department in charge of enforcing it.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
9. Integrity Model Manager				

	9.1. Creation and implementation of an Institutional Integrity Office, coordinating unit or contact person	• The institutional integrity official must fill a senior position.
		• Empowerment derives from such senior position. It assumes public support by senior management to the function of monitoring the integrity policy.
		• The duties of the manager must be independent of any particular charge or interest. Therefore, the full independence of the person in charge must be guaranteed for the purposes of
			• INTOSAI GOV 9100 Guide
			• OECD Guide
			• UN Guide
			• ISO 37001
				• Modify the organizational norm of the entity and implement the integrity office, which must have the following characteristics:
				  - In charge of the monitoring and supervision of compliance with the integrity model.
				  - The office must report directly to senior management in order to guarantee a senior hierarchical level and adequate empowerment for the

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
9. Integrity Model Manager		acting and formulating recommendations that he/she considers pertinent. • For optimal performance, necessary resources must be provided.		monitoring functions to be carried out. - The designated person must be solvent and independent to guarantee autonomy in making their decisions and evaluations. - The integrity office should be constituted as the permanent consultation body for the better understanding and application of the National Policy of Integrity and Fight against Corruption and the National Plan of Integrity and Fight against Corruption 2018–2021. - It must have adequate and sufficient resources for optimal performance.

Component	Sub Component	Conceptual scope	Regulation	Some suggested actions
9. Integrity Model Manager	**9.2.** Accompanying function	• The person in charge of the Institutional Integrity Office or the official to whom this task is assigned must discharge, mainly, a guiding and accompanying task, rather than an oversight function.	• INTOSAI GOV 9100 Guide • OECD Guide • UN Guide • ISO 37001.	• Accompany and guide the different departments in the fulfillment of their responsibilities within the integrity model. • Absolve inquiries regarding the relevance of adopting a certain actions in light of the ethical principles that inform this model.

3 Guidance for the technical advisory of german development cooperation, implemented by GIZ

Sustainable Development Goal No. 16 highlights the importance of promoting just, peaceful and inclusive societies, for which it defines that the rule of law and development have a significant interrelation and reinforce each other. Thus, its objective is to concentrate efforts on the promotion of universal access to justice and the construction of responsible and effective institutions at all levels, for which it raises the need to fight against corruption in the countries.

Committed to these guidelines, the Federal Ministry for Economic Cooperation and Development (BMZ) of Germany provides international technical cooperation through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, in order to develop sustainable capacities in the countries where it provides its assistance.

In this framework, GIZ conceives that capacity development is a holistic process through which people, organizations and societies mobilize, retain, adapt and expand their capacity to make sustainable development.[5] Likewise, GIZ understands that both the technical knowledge and the ability of the actors to negotiate and reconcile divergent interests and foster an enabling environment are valuable elements to achieve sustainable improvements over time. In this thinking, GIZ engages with counterparts and partners to support attention to complex issues and build, jointly with and committed to them, possible solutions that add value to their efforts.

One of the problems for which the technical assistance of the German development cooperation, implemented by GIZ is required, is the promotion of integrity and the fight

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5 (traducción propia) Dutzler, Barbara. "Capacity Development and Supreme Audit Institutions: GIZ's Approach" en Supreme Audit Institutions Accountability for Development. GIZ e INTOSAI. Ed. 2013. Nomos Verlagsgesellschaft. Baden-Baden, Alemania. p. 51.

against corruption, a complex and multi-causal issue. In this context, the joint construction of mechanisms that contribute to the materialization of an Integrity and Anti-Corruption Model turns out to be a key issue that can help counterparts in their search for solutions.

For this reason and as a function of the conceptual development around a model of integrity applicable to public sector entities that is the subject of this document, it is highly recommended that the German development cooperation, implemented by GIZ provide technical advice to public entities in the countries across the Latin American and Caribbean region to build models of integrity.

However, in order to ensure that technical advice has sustainability and impact on public policies aimed at benefiting the general interest and effectively raising standards of integrity, it is suggested to previously evaluate if minimum conditions exist in the entity.

Thus, in the logic of considering the feasibility and sustainability of implementing the integrity model in a state entity, it would be convenient to evaluate the different components examined across the study's chapters, so that technical advice can be based on the knowledge of key elements that allow building with the counterparts, a strategy with sustainable objectives and results.

Regarding the **Commitment of Senior Management**, it is important:

- to identify and understand the integrity rules applicable to entities and companies in the public sector,
- to identify and understand specific rules on internal control that oblige public entities and public sector companies to sign declarations or letters of commitment regarding integrity policies, the fight against corruption or internal controls,
- if those standards exist, check if those statements or letters have been signed,
- if they exist and have not been signed, suggest they are.

On the other hand, in regard of **Risk Management** we suggest:

- Verify the existence of a risk assessment and management policy, for which the risk assessments of the previous 2 years may be required.
- If there is a risk management policy, evaluate whether the risk assessment and management have been prepared according to internationally known models such as the UN, ISO, IIA
- Evaluate whether the identification and evaluation of operational, commercial and financial risks are related to reputational and corruption risks.

- Evaluate if the identification and evaluation of risks (including reputational risks) have been carried out in a participatory manner and with the intervention of specialized third parties in the matter.
- Request the controls process maps by risk type.
- Verify the existence of risk mitigation action plans.
- Verify that risk assessment and management of risks are carried out annually and in a participatory manner by the staff.

Upon entering into the verification of the existence of the *Integrity Policies*, it would be convenient to:

- Require documentation stating the entity's integrity policy. This can be included in codes of ethics or internal work regulations.
- Verify that such documents include the policies on prevention of conflicts of interest, gifts, contributions, travel, account rendition, use of public resources.
- If there are such policies, verify the specific and clear determination of responsibilities by level of participation, intervention and control.
- Verify the fulfillment of the delivery and presentation of sworn statements of income, assets and rents, and of the interests of the obliged subjects, pursuant to the applicable regulatory framework.
- Verify the existence of a policy on the evaluation of contractual, commercial and inter-institutional engagements by the entity with a focus on integrity and prevention of corruption.
- Require information on the staff recognition policy for compliance with ethical and institutional values.
- Evaluate the existence and relevance of personnel hiring policies and, if possible, assign filters in hiring processes in case of sensitive positions (heads, fund management, information management and databases).
- Verify the existence of action plans to ensure compliance with existing policies or to specify the adoption of integrity policies and the prevention of corruption.
- If there is an action plan in place, verify the continuous monitoring through indicators and goals, deadlines and assignment of officials in charge.

With regard to *transparency, open data and accountability*, it is necessary to:

- Verify the entity complies with the legal requirements of active transparency through the revision of its transparency portal or web page. Likewise, verify any actions are in place to disseminate information of the entity through frequent

physical or virtual bulletins, publications in the media, statements.

- Evaluate whether published or disseminated information meets minimum requirements of simplicity, accessibility and opportunity.
- Require information or statistics on information and compliance requests. Verify if there is a virtual mechanism for citizens to follow up on their requests for information.
- Verify compliance with the order of classification of information with due account of criteria of exceptionality. Verify if the disclosure refusals are grounded and comply with legal requirements.

Regarding *internal, external and audit controls*, it is particularly relevant to:

- Identify and understand the institutional framework that supports the operation of internal and external controls in the country.
- Evaluate the autonomy and independence of the control bodies, as well as the adequate allocation of resources to discharge their functions.
- Require information on the implementation of external and internal controls, as well as their level of implementation.
- Verify the existence of follow-up mechanisms to the recommendations proposed by the bodies in charge of both types of control.

With reference to the subject of *communication and training*, it is advisable to:

- Evaluate the existence of a communications plan and the efforts in place to disseminate the integrity policy
- Verify the existence of communication mechanisms for actions linked to promoting integrity and preventing corruption.
- Require information on induction programs for new personnel regarding duties, integrity standards, institutional policy, list of infractions and possible sanctions in case of infringement. Review if this task is performed consistently and if there are mechanisms of evaluation at entry and exit, and measurements of understanding.
- Verify in the training plan the programming of permanent training activities for personnel on topics aimed at promoting integrity and preventing corruption.
- Require training information by staff responsibility levels and if senior management participates and interacts.
- Evaluate whether the training activities are carried out based on prior information on the needs of the staff identified through studies or specialized surveys of the work environment.

In relation to the ***whistleblower component***, it is especially important to:

- Determine the existence of an effective mechanism for receiving and processing complaints of corruption.
- Verify this mechanism has available a reception window, web page, email, telephone line or face-to-face option.
- Evaluate the possibility of receiving anonymous reports.
- Evaluate whistleblower protection mechanisms, such as the reservation of identity and job stability.
- Identify the existence of investigation, hearing and sanctioning bodies. Evaluate the reasonable allocation of personnel to perform such work compared to the total number of personnel, the size of the entity and the recurrence of complaints and irregularities. Verify the existence of an internal work regulation or code of ethics where offenses and corresponding applicable sanctions are clearly defined.

It should be noted that with regard to ***supervision and monitoring*** of the integrity model, it is necessary to:

- Verify the existence of monitoring mechanisms for activities aimed at promoting integrity and preventing corruption.
- Require information on the use of monitoring indicators.
- Verify evaluation-based feedback processes.

Being the **Integrity Model Manager** a key actor he following must be taken into account necessary:

- If there is an office in charge of implementing a policy aimed at preventing corruption and promoting integrity, verify the following conditions:
- The office must report directly to senior management.
- The official in charge must be duly empowered by senior management and have a direct channel of communication with the owner.
- The designated person must be solvent and independent to guarantee autonomy in making decisions and evaluations.
- The office carries out tasks of accompaniment and permanent consultation with staff on issues of ethics, integrity and the fight against corruption.
- The office and the manager have adequate and sufficient resources to performs an optimal job.

4 Final considerations

1. Although the compliance tool focuses on regulatory compliance, its scope goes beyond the mere legal arena. Currently, the compliance approach aims at consolidate an organizational culture oriented to ethics and integrity as an essential condition to guarantee an adequate service.

2. The way compliance takes place varies depending on the needs and characteristics of an entity. For this reason, different international organizations specialized in the subject have prepared guidelines to build compliance models that differ in their approaches and definition of their components.

3. The comparative analysis of the most important international documents on the subject reveals certain common denominators that have allowed identifying the components that −regardless of the private or public nature of an entity- must be assured in order to consolidate an organizational culture oriented to integrity. The model of public compliance or public sector integrity that arises has the following components: i) Commitment of senior management; ii) Risk Management; iii) Compliance and Integrity Policies; iv) Transparency and Accountability; v) Internal, External and Audit Controls; vi) Communication and Training; vii) Whistleblowing Channel; viii) Supervision and Monitoring of the Prevention Model; and, ix) Compliance Officer.

4. The analysis of the organizational structure of public administration to prevent and combat corruption, as well as the need to prioritize a prevention approach that ensures adequate provision of public service, is not only possible but, above all, necessary to promote and support the implementation of integrity models in the public sector.

5. The integrity model in the public sector, although it includes mechanisms to address questionable practices (detection and punishment), fundamentally rests on a prevention approach that seeks to articulate the existing efforts in the entity and support the first line of defense (embracing the officials responsible for the mission and logistics processes) in the optimal performance of their functions. It is to that extent that the entity in charge of the compliance or integrity model must have a guiding and articulating approach rather than sanctioning approach, a task that, moreover, rests on other instances within the entity.

6. Against the backdrop an policy integrity and the fight against corruption, it is highly advisable to support efforts to create technical bodies

that elaborate intense and articulated integrity and anti-corruption strategies within public entities.

7. In order to initiate a technical advisory effort to counterparts in the countries that receive support from the German development cooperation, implemented by GIZ, it is advisable to analyze the existence and, if applicable, the state of progress of the components recommended by the good international practices mentioned in section 3. This exercise will help to strengthen the design and implementation of projects in a way that more accurately points to the development of sustainable capacities.

ANNEX 1

Compliance components. Guides and International manuals

Institution / International Organization	Document	Content	Ethics components
OECD	Guidelines for Multinational Companies **2011**	Good corporate governance recommendations and respect for local regulations.	• Risk management • Due diligence • Transparency • Program and Code of Ethics • Irregularity prevention policies • Protection of whistleblowers • Communication • Supervision and monitoring • Respect for human, labor, environmental, and tax rights.
OECD	Recommendations to strengthen fight against bribe **2009**	Recommendations for the implementation of the OECD Anti-Bribery Convention	• Ethics and compliance program • Anti bribery policy • Reporting channels • Independent audits and controls
OECD	Good Practice Guide on Internal Controls, Ethics and Compliance. **2009**	Recommendations to prevent, detect and investigate bribery.	• Risk management • Internal control and audits • Ethics and Compliance Programs or Plan • Policy on gifts, payments, travel, etc. • Supervision and monitoring • Top management commitment • Transparency • Independent manager • Due diligence • Communication and training • Disciplinary processes • Complaints channel and whistleblower protection

Institution / International Organization	Document	Content	Ethics components
OECD	Principles of Good Corporate Governance **2004**	Guidelines on corporate social responsibility	• Transparency • Communication • Internal control and audit • Clear definition of responsibilities • Shareholder rights and independence • Program or code of ethics • Top management commitment
OECD	Guidelines on Corporate Governance of Public Enterprises **2011**	Guidelines to increase competitiveness, efficiency and transparency.	• Shareholder rights and independence • Transparency • Communication • Integrity • Open markets
CAF	Corporate Governance Guidelines for State Enterprises **2010**	Guidelines to increase competitiveness, efficiency and transparency.	• Leadership and commitment of senior management • Transparency • Monitoring • Right and independence of shareholders • Communication • Integrity • Open markets
UNO	Global Pact	General principles of good business conduct.	• Policies of respect for human, environmental and labor rights. • Anti-corruption policy
UNO	Anticorruption program of ethics and compliance for companies. Practical Guide. **2013**	Recommendations to implement integrity compliance programs in companies	• Top management commitment • Risk management • Ethics and compliance program or plan • Transparency • Controls and audit • Communication and training

Institution / International Organization	Document	Content	Ethics components
			• Complaints and protection of complainants • Supervision and monitoring • Program official (empowerment and independence)
World Bank	Integrity Compliance Guidelines **2010**	Internal standards and principles to guide companies' compliance	• Antifraud code of conduct, collusion, and other coercive practices • Senior management commitment – leadership • Responsible for independent and empowered compliance • Risk management • Internal due diligence, conflict of interest, gifts, political contributions, charitable donations, facilitation payments, fraud and questionable practices policies • Internal controls and audit • Communication and training • Reporting and protection of whistleblower • Investigation and sanction
World Economic Forum	Principles to counteract bribery **2009**	Principles to implement compliance and integrity programs.	• Anti-corruption program or plan • Code of ethics • Internal policies prohibiting bribery, political contributions, donations, gifts, staff recruitment and purchases. • Supervision and monitoring • Empowered and independent program official. • Due diligence • Communication and training • Channel for complaints and concerns • Internal controls and audit • Support collective anti-corruption actions (agreements)

Institution / International Organization	Document	Content	Ethics components
International Chamber of Trade	Rules to fight corruption **2011**	Rules to promote business integrity and eliminate prohibited practices	• Top Management Commitment • Policy against prohibited practices • Empowered and independent program manager • Supervision and monitoring • Due diligence • Training and incentive • Controls and audit • Communication • Monitoring compliance with objectives • Reporting channel and queries • Investigation and sanction • External certification • Support collective anti-corruption actions (agreements)
FCPA	Hallmarks for an effective compliance program **2013**	10 steps to guide companies to implement compliance	• Top management commitment • Code of conduct with policies and procedures • Independent and empowered manager • Risk assessment • Training and accompaniment • Disciplinary measures and incentives • Due diligence • Reporting and investigation channels • Evaluation and permanent improvement • Integration of supplier companies into compliance system
Basel Institute	Compliance functions principles in banks **2005**	Principles for the implementation of the compliance function in banks	• Senior management commitment • Empowered and independent program official • Conflict of interest policy

Institution / International Organization	Document	Content	Ethics components
			• Transparency • Communication • Risk management • Supervision, monitoring and reporting • Control and audit
Transparency International	Business Principles to Counter Bribery **2002**	Practical guide for implementation to combat bribery	• Prohibition of bribery • Participatory anti-corruption program or plan • Risk management • Policy prohibiting political, charitable contributions, facilitation payments, gifts • Program manager • Due diligence • Staff recruitment policy • Training and communication • Reporting channel and advice • Internal control and audit • Monitoring and review

Institution / International Organization	Document	Content	Ethics components
NTP-ISO 37001	Anti-bribery Management Systems **2017**	Practical guide for implementation to combat bribery	• Evaluation of company context • Leadership and commitment of senior management • Anti-bribery policy and implementation and compliance official • Action plan defined in terms of risk management • Support and resources for implementation • Appropriate personnel recruitment processes • Communication and training • Knowledge management policy • Due diligence • Controls and audit • Gifts and benefits policy • Reporting channels, anonymous reporting and whistleblower protection • Investigation and sanction mechanisms • Evaluation, monitoring and supervision of the anti-bribery system • Continuous system improvement

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