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Public Enterprises Sector Corruption Risk Assessment Guidance with checklists

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Public Enterprises Sector CRA Guidance with checklists

1. Introduction

Regional Anti-Corruption Initiative (RAI), in partnership with United Nations Office on Drugs and Crime (UNODC), implements a three-year project titled Southeast Europe - Together Against Corruption (SEE-TAC).¹ Project activities, among others, include the development of guidance with checklists for sectoral Corruption Risk Assessment analyses for the two identified corruption-prone sectors and the accompanying national and regional capacity building activities (tailor-made training exercises based on developed “sectoral guidance with checklists’ tools in two common corruption-prone sectors for all targeted jurisdictions).² For the needs of the preparation of the project activities towards the national and regional mapping of the sectors that should be subject of interventions, the following steps were taken by the RAI Secretariat and Corruption Risk Assessment Expert Team:

- **Comprehensive Survey** - The first method implemented was a desk-research based on reviewing the most relevant national anti-corruption documents (strategies, action plans, policies, the surveys of the relevant international organisations present in the country and the CSOs involved in anti-corruption). The regional context was explored through the review of the findings and recommendations from the relevant anti-corruption and integrity monitoring mechanisms reports (European Commission, GRECO, UNCAC Review Cycles), and the results from the regional and international corruption perception surveys (Balkan Barometer, TI Corruption Perception Indexes, TI Global Barometer, etc.). The second method implemented was the questionnaire which included questions on the corruption-prone zones in targeted jurisdictions to determine the beneficiaries' perspective and feedback necessary for mapping corruption-prone sectors of common interest.
- **Determining main criteria for common mapping sectors** from the perspective of further project activities in Corruption Risk Assessment (CRA) and Corruption Proofing of Legislation (CPL) in targeted jurisdictions.
- **Organising bilateral meetings and consultations with representatives of relevant public institutions from targeted jurisdictions.** The main aim of these meetings was to present the RAI Project, approach that will be used and to identify sectors that should be subjects of interventions in CRA and CPL in the respective jurisdictions.

Following these steps, at a regional meeting in July 2021, representatives of all targeted jurisdictions and other jurisdictions targeted by the SEE-TAC project agreed that **the Public Enterprises Sector is one of the corruption-prone sectors of common interest and that this sector should be subject to specific CRA Guidelines with checklists.**³

¹ More details are available at <https://rai-see.org/what-we-do/see-tac/>

² Albania, Bosnia and Herzegovina, Montenegro, and North Macedonia. These jurisdictions have been targeted based on the previous phase of the project and expressed interest of the beneficiaries and representatives of RAI Steering Group member countries.

³ <https://rai-see.org/rai-secretariat-organized-regional-meeting-on-mapping-sectors-prone-to-corruption/>

Methodologies of research and structure of Guidance

The primary research method for this activity was desk analysis of legislative, institutional and organizational frameworks and practice for the Public Enterprises Sector in four targeted jurisdictions, including available data on gender equality principle (e.g. available relevant international and national reports and surveys on corruption and corruption risks in the Public Enterprises Sector in targeted jurisdictions, key anti-corruption documents and policies for the Public Enterprises Sector of targeted jurisdictions, integrity plan models for this sector, and other documents submitted by stakeholders from four targeted jurisdictions).

To obtain additional information on identifying the sectoral overall objectives and specificities and to determine common corruption risk areas/processes and corruption risks and corruption risk factors in these areas/processes, the CRA Expert Team prepared the questionnaire for stakeholders from targeted jurisdictions.⁴ Six representatives of stakeholders responded to the questionnaire. Their responses and attitudes represented a valuable basis for developing this document and were incorporated into the text.

The main objective of the Guidance is to assist national jurisdictions in identifying and decreasing corruption risks and corruption risk factors in the Public Enterprises Sector.

The document contains two main components: a) Guidance for CRA in Public Enterprises Sector, and b) Checklists for five common corruption-prone areas/processes in the public enterprises' sectors of targeted jurisdictions. In the first section, the document deals with the purpose of the Guidance; defining the most important terms; international standards in CRA and practice in the field of CRA for the Public Enterprises Sector, and context of this sector in regional perspectives. The second section represents an overview of five common corruption-prone areas and the most vulnerable processes within these areas in the public enterprises sectors of targeted jurisdictions with identified common corruption risks and control questions related to defining measures for mitigating described risks.

⁴ National anti-corruption authorities, and Public Enterprises Sector competent institutions from targeted jurisdictions.

2. Guidance for CRA in Public Enterprises Sector

2.1. Purpose of the Guidance – why is it crucial to assess corruption risks in the Public Enterprises Sector, and how checklists can reduce these risks?

Assessing corruption risks is essential for the successful long-term operation of different parts of corruption-prone sectors. If not managed, the corruption risks will sooner or later expose an institution or process to the possibility of officials/employees engaging in corrupt or unethical behaviour. Suppose corruption or an integrity breach does occur. In that case, the short and long-term consequences for a particular institution or sector include loss of reputation, loss of public confidence, direct financial loss, wasted resources, cost of criminal justice or audit system to respond to corruption, adverse effects on other staff and negative impact on the morale of the institution/s.⁵ Having that in mind, assessing corruption risks, especially in corruption-prone sectors is an important tool with significant benefits: a) it keeps the corruption prevention, integrity and good governance issues on the agenda and takes a step forward from a purely legalistic approach; b) it enables identification of common risks (for example, through centralised risks register) across a given sector that requires legislative or broader institutional/national action or reform; c) it enables sharing of knowledge and good practice on risk identification and, in particular, on risk mitigation measures within a particular sector or across sectors, institutions, or processes; d) it enables the effective exchange of good practices and/or establishment of a centralised corruption risk register that serves as a source of inspiration, ideas and peer-support for reform and good governance in concrete sector. To achieve these goals, any approach to corruption risk assessment should focus on analysing actual life processes and procedures in the institution, sector or project. In addition to being a tool of proactive corruption risk management, assessing corruption risks could help in strengthening the coherence, quality of governance and management in a given public sector institution or sector; enabling evaluation of workflow and processes and identification of weak spots for further institutional, management and legal reform; and improving the institutional and legal environment in a given sector.⁶

Public enterprises have a strong presence in the global economy and play a significant role in implementing public policies in many advanced and developing economies. In practice, public ownership continues to be important in many sectors, especially transportation, utilities (water, gas and electricity), and exploration of natural resources (oil and mining).⁷ **Corruption is likely to profoundly impact how public enterprises operate, given the close relationship between the governments (officials, politicians and bureaucrats) and the company.** Public enterprises are frequently created to help address market failures and achieve economic and social policies at reasonable costs. However, there are many examples where these enterprises prove inefficient, a considerable burden to taxpayers or fail to achieve their objectives. These problems are likely exacerbated in an environment of weak local or national governance and when there is undue political influence (Shleifer and Vishny,

⁵ See Ljiljana Selinšek, Corruption Risk Assessment in Public Institutions in South East Europe – Comparative Research and Methodology, Sarajevo: Regional Cooperation Council, 2015, available at: https://rai-see.org/wp-content/uploads/2015/10/CRA_in_public_ins_in_SEE-WEB_final.pdf

⁶ *Ibid*

⁷ IMF Working Paper, Governance and State-Owned Enterprises: How Costly is Corruption, 2019, available at <https://www.imf.org/en/Publications/WP/Issues/2019/11/22/Governance-and-State-Owned-Enterprises-How-Costly-is-Corruption-48800>

1994, Transparency International, 2018). For example, corrupt politicians or public officials can use political influence and favouritism to influence the choice of management and hiring policies. Additionally, lack of effective monitoring by the government and weak reporting by public enterprises can also undermine accountability.⁸

Public enterprises play an important role in the SEE region. These enterprises still account for almost half of all state employees in those economies (with the other half comprising employment in the broader public sector – including education, healthcare and public administration).⁹ Overall, their performance varies across economies, mainly depending on the quality of public-sector governance and territorial cohesion and whether or not a given economy has engaged in related reforms. Some of the key challenges in the functioning of public enterprises in the SEE region are professionalisation of the state ownership function, fostering clarity in financial and non-financial objectives for individual public enterprises, and ensuring that governments engage in aggregate reporting on public enterprises.¹⁰

All targeted jurisdictions identified Public Enterprises as one of the corruption-prone sectors. Also, in all targeted jurisdictions, common corruption-prone areas/processes could be identified for this sector.

Following the importance of assessing corruption risks, this document outlines the common corruption-prone areas and the most vulnerable processes within these areas in the public enterprises sectors of targeted jurisdictions, identified common corruption risks and control questions related to defining measures for mitigating described risks. In other words, this document offers an overview of the most prevalent corruption risks and risk factors in the Public Enterprises Sector within selected common corruption-prone areas/processes of targeted jurisdictions and key questions related to the efficient mitigating these risks. The checklists can provide only a basic set of questions with the direction into which one should look. One needs to tailor the questions to the specific circumstances and exercise scrutiny of all details in legislation and practice in every jurisdiction linked to each question.

Having this in mind, the Guidelines are primarily dedicated to stakeholders that participate in the preparation and adoption of relevant public policies and regulations for the Public Enterprises Sector, including the anti-corruption policies and rules – competent ministries, anti-corruption bodies, regulatory and auditing bodies, and public enterprises. For example, where applicable, anti-corruption institutions could use checklists to prepare integrity plan models for public enterprises. Besides this, individual public enterprises can use checklists to assess their internal policies and practices and their compliance with activities in managing corruption risks identified through this intervention. In comparative and regional perspectives, applying guidance with checklists can provide valuable answers about similarities and differences in different jurisdictions in approaching corruption in the Public Enterprises Sector and represent a basis for exchange of experiences and good practices in this regard.

⁸ IMF Working Paper, Governance and State-Owned Enterprises: How Costly is Corruption, 2019, available at <https://www.imf.org/en/Publications/WP/Issues/2019/11/22/Governance-and-State-Owned-Enterprises-How-Costly-is-Corruption-48800>

⁹ <https://2020.tr-ebrd.com/state-owned-enterprises/>

¹⁰ <https://www.oecd-ilibrary.org/docserver/9789264298576-11-en.pdf?expires=1645097953&id=id&accname=guest&checksum=870FDF99329A232C23FE939074B457B4>

2.2. Defining “Public Enterprises Sector”

For this document, the term “**public enterprises**” includes various types of business entities (organisations) that cumulatively meet three criteria: 1) they have to be either wholly or partly owned by the state (or various sub-state level authorities), either directly or indirectly (e.g. owned by another state-owned company); 2) they have to be directly or indirectly controlled by the state or specific public authority (e.g. appointment of managers, approval of plans, budgets and reports); 3) they have to perform some activity of public interest (which includes state-owned enterprises that operate on the market and entirely on profit basis). Accordingly, “Public Enterprises Sector” is a sector that includes several enterprises on state, sub-state and local level of governance that meet all these criteria. Public Enterprises Sector is a very complex sector. Its complexity is caused mainly by different nature of services public enterprises provide and other areas in which they operate, including almost all dimensions of life in every society.

2.3. Defining “corruption”, “corruption risks”, “corruption risk factors” and “corruption risk assessment”

For purposes of this document, the term “corruption” derives from the following international standards: Council of Europe Criminal Law Convention on Corruption (ETS 173)¹¹; Council of Europe Recommendation (2000)10E 11 May 2000 on Codes of Conduct for Public Officials¹²; and United Nations Convention against Corruption (UNCAC).¹³ In other words, the term corruption goes beyond bribery and other forms of taking or giving undue advantage to officials in connection to their work or position in the Public Enterprises Sector. To embrace a broad approach to CRA, the term “corruption”, where appropriate, includes breach of integrity, other unethical behaviour and other practices that are, if used by officials/employees, usually considered as corrupt (e.g. conflict of interests, shirking, revolving door etc.).

Corruption in the Public Enterprises Sector takes various forms, ranging from bribery in contracting, service providing and recruitment of staff, nepotism and patronage in tenured postings, and the presence of strong political influence on public enterprises’ operations that distorts achievement of basic functions and fulfilment of public interest. Corruption in this sector exists both at the systemic (e.g. appointments based on political party preferences rather than on merit, absence of strict separation of roles between the state as an owner and the management of the SOE and its full operational autonomy; absence of clear distinction between the state's role as an owner and its other roles - e.g. regulatory, policy-making and prosecutorial) and individual levels (e.g. bribery, embezzlement). Also, according to the survey conducted by OECD, top corruption risks facing public enterprises are both internal and external. Respondents from this survey consider that the top risks most likely to materialise in public enterprises where they work are: violations of data protection and privacy, favouritism and non-declaration of conflict of interest¹⁴.

¹¹ <https://www.coe.int/en/web/conventions/full-list?module=treaty-detail&treatynum=173>

¹² <https://rm.coe.int/16806cc1ec>

¹³ <https://www.unodc.org/unodc/en/treaties/CAC/>

¹⁴ https://read.oecd-ilibrary.org/governance/state-owned-enterprises-and-corruption_9789264303058-en#page22

Corruption risk represents the possibility of corruption, ethically and professionally unacceptable practices, or others irregularities that threaten the integrity of the institution/sector. Risk identification means recognising all possible types - manifestation of corruption, ethically and professionally unacceptable actions of certain actors in working processes - that may occur.¹⁵

Corruption risk factors are circumstances (on various levels) that can encourage, cause, or allow corrupt or unethical conduct. Each corruption risk comes from one or more factors. The most convenient typology of risk factors is the following:

- **External and systemic risk factors** - factors outside of the control of the institution or sector, of which they should or could be aware (unclear or inconsistent legislation regulating the specific sector, the field of work of the institution; unclear competencies of the authorities; inefficient or incompetent oversight institutions or supervisory authorities).
- **Internal (organisational, institutional) risk factors** - factors within the control of the institution or sector, such as the rules and policies for good governance, management, decision-making, operational guidance, and other internal regulations enabling the organisation to fulfil its objectives, mission and tasks.
- **Individual risk factors** - factors that could motivate individual officials/employees to commit corrupt or unethical conduct (lack of knowledge-ignorance, lack of practical skills-inexperience, pressures in the work environment, omission of conflicts of interest declaration).
- **Working process risk factors** - factors that arise from operating procedures and processes in an institution (officials have a high level of personal discretion and autonomy in decision making, non-transparent or unrecorded decision making, poor organisation of work processes, unconnected work processes and procedural gaps, resulting in no sense of responsibility or ignorance of competences, and lack of vertical or horizontal controls in the work processes).¹⁶

Identifying and assessing concrete corruption risks and risk factors following mentioned typology is essential for defining measures for mitigating these risks.

Corruption risk assessment represents a prevention tool for identifying corruption risks and risk factors in institutions/sectors to develop and implement measures for mitigation or elimination of those factors and risks. Corruption risk assessment is a management tool for improving the governance of a specific public sector institution or sector. If not appropriately managed, the corruption risks will sooner or later expose an institution or sector to the higher possibility of public officials and staff engaging in corrupt or unethical behaviour. There are three different but connected approaches to the CRA: Integrity plan, sectoral CRA, and targeted (ad hoc) CRA.

- **Integrity Plan** represents an institutional self-assessment tool that addresses concrete organisational risk factors, factors arising from specific working processes and

¹⁵ See Ljiljana Selinšek, Corruption Risk Assessment in Public Institutions in South East Europe – Comparative Research and Methodology, Sarajevo: Regional Cooperation Council, 2015, available at: https://rai-see.org/wp-content/uploads/2015/10/CRA_in_public_ins_in_SEE-WEB_final.pdf

¹⁶ *Ibid*

individual risk factors within a concrete public institution. It is the most represented model in the SEE region.

- **On the other hand, Sectoral corruption risk assessment** focuses more on systemic characteristics, challenges, and the position of a certain sector. More precisely, the sectoral CRA is focused more on systemic risk factors and risks and other risk factors that are essentially similar within all institutions inside the sector (for example, risk factors that refer to the public procurement system, to budgeting or human resources management).
- **Ad hoc CRA** targets a particular project or policy.

The practice has shown that there is no reason why sectoral CRA should not be combined or complemented with an integrity plan. In that sense, general sectoral corruption risk assessment can be done for the Public Enterprises sector. In contrast, every institution should prepare an integrity plan/own corruption risk management plan. In this case, the sectoral CRA should identify the corruption risks on a macro level. In contrast, integrity plans/institutional corruption risk management plans should further address them on a micro level where very concrete and tailor-made measures can be taken to avoid or mitigate certain risks.

2.4. International standards and practice

There is no universal approach to CRA. The process depends on the needs or reasons that prompt an institution, a sector, or a country to assess corruption risks. The assessment procedure and the success of the process are primarily influenced by the local environment and the culture of integrity. CRA is a tool devised originally in the private sector and developed as a part of business risk assessment of economic operators.

The United Nations Convention against Corruption (UNCAC) is the first international document whereby State Parties are bound to introduce effective and efficient risk management systems and internal control.¹⁷ The Technical Guide to the UNCAC (Guide) focuses on internal control, i.e. internal audit, without further guidance as to what effective risk management systems are, what they should look like, what they contain, how the process is to be carried out, etc.¹⁸

One of the most comprehensive international standards in risk management is ISO standard 31000. Most methodologies designed for managing corruption risks at the institutional level, in the private and the public sector alike, directly rely on ISO standards 3100:2018. These standards provide the key terms on risk assessment and management.¹⁹

¹⁷ The United Nations Convention against Corruption (UNCAC), Art. 9, paragraph 2, item d, among other things, reads:

Each State Party shall, following 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, among other things: d) Effective and efficient risk management and internal control systems.

¹⁸ See 2009 United Nations Office on Drugs and Crime Vienna, Technical Guide to the United Nations Convention Against Corruption, pg. 40-42: <https://www.unodc.org/unodc/en/treaties/CAC/technical-guide.html>.

¹⁹ ISO 31000:2018 Risk management — Guidelines: <https://www.iso.org/standard/65694.html>

Within the context of corruption risk management, the ISO 37001 Anti-bribery management system is essential.²⁰ ISO has yet to publish publicly available guidelines on this standard.

The Organisation for Economic Co-operation and Development (OECD) has developed several documents containing recommendations and examples of best practices helpful in designing and conducting CRA on the national and institutional level in both private and public sectors. More precisely in 2005, the OECD published the “Public Sector Integrity – A Framework for Assessment”²¹ with the main purpose to present the experiences of different countries with the procedures of integrity assessment and preventive anti-corruption measures. Also, the 2017 OECD Recommendation on Public Integrity (Recommendation) is important²². The purpose of the Recommendation is to have the OECD Member countries and non-Member countries build a coherent and comprehensive public integrity system.

Transparency International developed 10 good practice principles for effective corruption risk assessment that are of general nature and fully applicable to the Southeast European region as well.²³ According to these principles, effective risk assessment (especially the institutional one) should: 1. have the full support and commitment from the superior or other senior management, 2. involve the right people to ensure a sufficiently informed and complete overview of the institution and its risks, 3. be comprehensive, taking account of all activities of the institution which may create significant corruption risk, 4. avoid preconceptions about the effectiveness of controls or the integrity of employees and third parties, and therefore focus on inherent risk, 5. identify and describe corruption risks in appropriate detail, 6. evaluate corruption risks by reference to a realistic assessment of likelihood and impact, 7. prioritise corruption risks to the extent that this is practical and meaningful, 8. be documented in such a way as to demonstrate that an effective risk assessment process has been carried out, 9. be regular, performed at appropriate intervals and otherwise in the event of significant changes affecting the public sector, 10. be communicated effectively, and designed in a way that facilitates effective communication and the design of appropriate policies, programmes and controls.

In 2020, UNODC launched "State of Integrity: A guide on conduction corruption risk assessment in public organisation"²⁴. It is a practical guide for public organisations to conduct corruption risk assessments and identify, mitigate and prevent corruption vulnerabilities in their operations.

For the sectoral CRA in the Public Enterprises Sector, the following documents are of particular importance:

- 10 Anti-Corruption Principles for State-Owned Enterprises, published by Transparency International in 2017²⁵,

²⁰ See at <https://www.iso.org/publication/PUB100396.html>

²¹ https://read.oecd-ilibrary.org/governance/public-sector-integrity_9789264010604-en#page1

²² <https://www.oecd.org/gov/ethics/OECD-Recommendation-Public-Integrity.pdf>

²³ [https://uk.practicallaw.thomsonreuters.com/4-537-0225?transitionType=Default&contextData=\(sc.Default\)#co_anchor_a915639](https://uk.practicallaw.thomsonreuters.com/4-537-0225?transitionType=Default&contextData=(sc.Default)#co_anchor_a915639)

²⁴ https://www.unodc.org/documents/corruption/Publications/2020/State_of_Integrity_EN.pdf

²⁵ https://baselgovernance.org/sites/default/files/2019-02/2017_soe_principles_report_en-5-min.pdf

- Conceptual Framework – Corruption Risk Assessment at Sectoral Level, published by UNDP in 2018²⁶,
- State-Owned Enterprises and Corruption: What Are the Risks and What Can Be Done, published by OECD in 2018²⁷,
- Confronting Corruption in Sectors and Functions, State-Owned Enterprises, published by World Bank²⁸,
- Governance and State-Owned Enterprises: How Costly is Corruption, published by International Monetary Fund in 2019²⁹.

In most countries that introduce integrity plans, competent anti-corruption bodies developed tailor made integrity plan models for institutions within the Public Enterprises Sector. These models contain identified risk areas/processes with accompanied corruption risks/risk factors and proposals of measures for decreasing identified corruption risks/ factors. However, since Integrity Plan represents an institutional self-assessment tool that does not address systemic risk factors, its application has limited impact.

There are also several other international or national studies on corruption in the public enterprise sector of different jurisdictions. In most cases, these studies do not focus only on CRA for this sector. However, they contain some findings on identified problems and recommendations that could be useful for potential normative, institutional and practical reforms in this sector³⁰. Also, these documents were used as an additional source for verification of our research findings and identification of corruption risks and risk factors.

Similarities and common framework and challenges in this sector in the region targeted by this intervention justify the introduction of guidance with the checklists as one important tool that can be applied at the regional level and that will contribute to the improvement of quality of this sector.

2.5. Context of Public Enterprises Sector in regional perspectives - good practices and areas for improvement

All targeted jurisdictions identified public enterprises as prone to corruption and required additional interventions to decrease corruption risks. Public enterprises have a significant public interest in fulfilling citizens' needs in all targeted jurisdictions. According to the available data and information assessed in the initial assignment phase, there are some prevalent problems in public enterprises management across the region. This circumstance causes a common challenge in corruption risks and justifies a common approach in developing CRA tools applicable and modified to all jurisdictions.

²⁶ Available at, <https://discuss.tp4.ir/uploads/short-url/4XCIJ0Hcxn87AA16WiFMAHLUmoq.pdf>

²⁷ https://www.oecd-ilibrary.org/governance/state-owned-enterprises-and-corruption_9789264303058-en

²⁸ <https://thedocs.worldbank.org/en/doc/600161611679881440-0090022021/original/StateOwnedEnterprises.pdf>

²⁹ <https://www.imf.org/en/Publications/WP/Issues/2019/11/22/Governance-and-State-Owned-Enterprises-How-Costly-is-Corruption-48800>

³⁰ https://ti-bih.org/wp-content/uploads/2018/04/lzvrnsni-sazetak-mart_2018.pdf

<https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.587.6075&rep=rep1&type=pdf>

https://www.researchgate.net/publication/335027203_MEASURES_FOR_PREVENTION_OF_CORRUPTION_IN_PUBLIC_ADMINISTRATION_IN_R_MACEDONIA

In all targeted jurisdictions, public enterprises represent a high portion in local markets, measured in the capital they possess in national economies and turnover³¹, especially in some of the significant branches of national economies (such as energy, telecommunications, utilities management). State-owned companies are still one of the largest employers in local markets. Some public enterprises have a monopoly in providing services in the local markets, making them a powerful actor that shapes both the quality and prices of public services.

At the same time, in almost all jurisdictions, a common problem in the functioning of public enterprises have been identified, such as poor management performances and strong political influence³², high losses in business operations (a high discrepancy between income and revenues), a high subsidy received from national or local public budgets that are discretionally distributed, lack of transparency (giving primacy to the “trade secrets” over the public interest³³), lack of unique approach in collecting, publishing and monitoring of data related to the functioning, and lack of systemic approach to corruption prevention³⁴. In all jurisdictions, public enterprises operate between market rules and laws. They need to fulfil and protect the public interest – these two (sometimes opposite) requirements create a highly demanding context from a managerial point of view. Keeping in mind the size of the budget of the public enterprises and the above described challenges and problems, a significant number of corruption risks influence the public enterprises and require robust, committed and systemic measures to decrease these risks.

A central role in developing laws and public policies for this sector has the economy, market, and finances ministries. Founding rights over public enterprises are divided between local, regional (where exists) and national level of governments, which multiplies unique approach in oversight functions. Also, all jurisdictions face a similar challenge in monitoring and evaluating public enterprises' performances, budgets, and finances. These enterprises have a high formal or unformal autonomy and sometimes represent almost fully independent entities.

Some jurisdictions recognise Public Enterprises Sector in national anti-corruption strategic documents/public policies. However, these documents usually target only some of the corruption risks, mainly on the high level of management and relation between founders and public enterprises. Many other corruption-prone areas in public enterprises remain out of anti-corruption interventions (such as the relation between customers and public enterprises staff and petty corruption that arise from these relations). Unfortunately, some jurisdictions do not recognise the public enterprises' sector as a sector that needs to be targeted by high - level strategic policies.

³¹ In Serbia, for example, public enterprises have a share of 23% of the total capital of the national economy (<https://novaekonomija.rs/arhiva-izdanja/broj-77-januar-2021/javna-preduze%C4%87a-blago-ili-no%C4%87na-mora>)

³² More about challenges in good governance in public enterprises can be seen in the following report, Dobro upravljanje u javnim preduzećima u Bosni i Hercegovini, Transparency International Bosnia and Herzegovina, 2018, available at <https://ti-bih.org/wp-content/uploads/2018/10/Dobro-upravljanje-u-javnim-preduze%C4%87ima-u-BiH-.pdf>

³³ For more information on this topic, please see the following study: Trade Secrets of Public Enterprises: Paradoxes of Practice in Montenegro, Institute Alternative, Podgorica, 2019, available at http://media.institut-alternativa.org/2019/10/trade-secrets_FIN.pdf

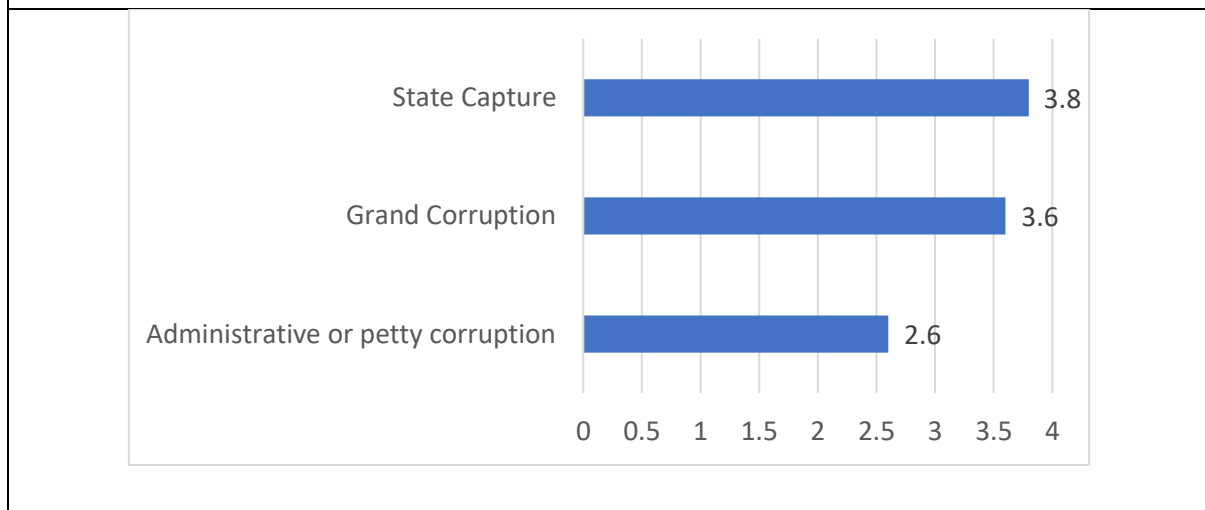
³⁴ For more detailed elaboration of the last two problems, please see the National Strategy for Prevention of Corruption and Conflict of Interest (2021-2025), Republic of North Macedonia

In the following part of the document, some of the data from the survey conducted among jurisdictions' stakeholders are presented. Besides other surveys and analyses, these data also reflect a high need to improve both systemic, legal and institutional anti-corruption interventions in PES.

The level of corruption in the Public Enterprises Sector among surveyed jurisdictions is assessed as relatively high, **with a score of 6.2 on the scale from 1 to 10** (1 – no corruption, 10 – very high corruption). This figure is even higher than in the survey related to the corruption in Higher Education Sector conducted under this assignment.

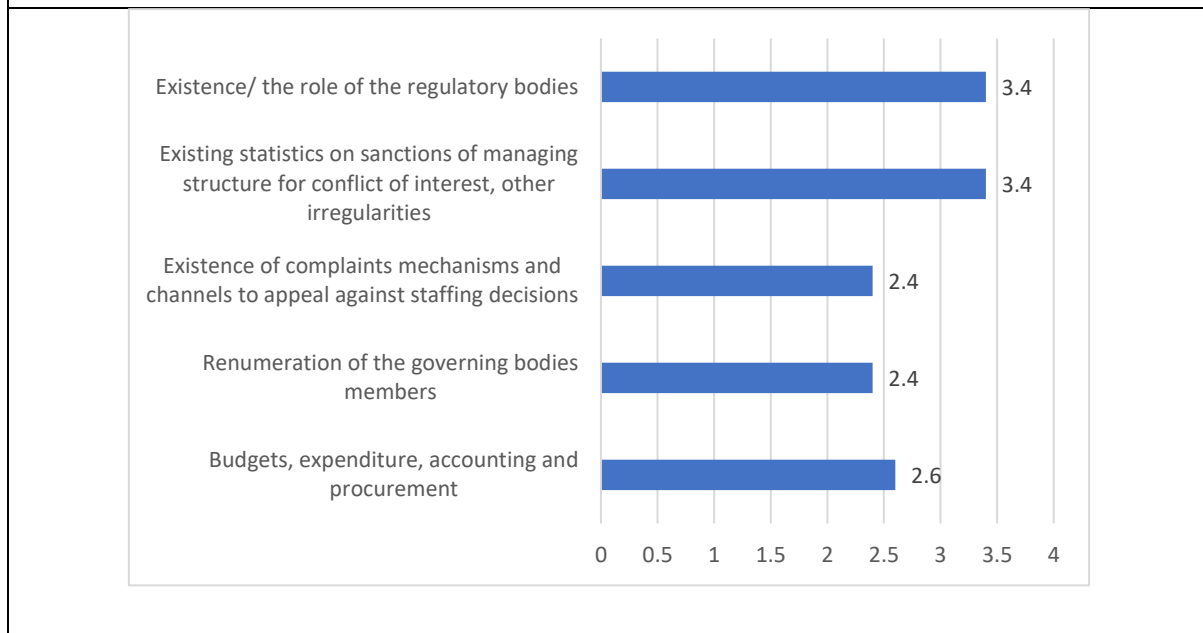
According to the collected responses, state capture is a type of corruption that affects the Public Enterprises Sector the most among other types. On the 1 to 5 scale, the average score for the influence of state capture on this sector is 3.8. Grand corruption is in the second place (3.6), while representatives of relevant national jurisdictions believe that administrative or petty corruption endangers the PES the least (2.6). Nevertheless, scores for all three types of corruption are above average (2.5), and it can be concluded that, in general, corruption seriously affects PES.

To what the following endanger the proper functioning of Public Enterprises Sector, and consequently affect the quality of the Public Enterprises Sector services in your jurisdiction?



According to the survey results, there is a need to improve transparency in the work of public enterprises, especially in the areas such as remuneration of public enterprises governing bodies; the existence of complaint mechanisms and channels to appeal, and the budget and finances.

How would you assess the transparency, i.e., level of access to public information related to the following? 1 – Low transparency - 5-High transparency



To identify corruption -prone areas and processes within public enterprises that need to be targeted by CRA tools, respondents were asked to state those they find the most vulnerable. The answers they are said are as follows:

1. Public procurement
2. Recruiting and employment of staff in public enterprises
3. Supervision of work of public enterprises
4. Election/appointment of public enterprises officials
5. Providing services on a commercial base (collecting own incomes and finance management)
6. Lack of unified and official information on performances of public enterprises/lack of their transparency
7. Lack of systematic approach for prevention of corruption in public enterprises
8. Inadequate legal framework for the operation of the public enterprises

The Questionnaire included some other questions that were supposed to help identify corruption risks and factors in the Public Enterprises Sector. Still, statistical analysis has not been further done due to the insufficient number of respondents.

The Survey conducted among representatives of the targeted jurisdiction was also used to explore the gender and corruption in the Public Enterprises Sector and, accordingly, to introduce some of the gender-related interventions on the CRA guidelines and checklists. Unfortunately, insufficient responses didn't allow any further statistical analysis in this field. In general, gender-related corruption in the Public Enterprises Sector is still not recognised in targeted jurisdictions as an issue. This doesn't mean that there are no corruption risks that are more or less dependent on sexual characteristics (such as sexual extortion), but that there is a need to raise awareness toward this problem.

The assessment phase of the assignments included analysis of national anti-corruption policies in targeted jurisdiction, available anti-corruption tools and mechanisms, discussion and survey with beneficiaries. After research and analysis toward corruption in Public Enterprises Sector, the following five areas were identified to be further operationalised through guidelines and CRA checklists: **1) Public Procurement, 2) Providing Services, 3) Election/Appointment of Public Enterprises Officials, 4) Human Resources Management in Public Enterprises, and 5) Supervision of Work of Public Enterprises.**

Since selected areas are complex and most of them include more than one process with relatively different corruption risks and measures to mitigate these risks, areas have been divided into processes as described in the table below. Further, the most common corruption risks in the processes were told, and questions to check measures for mitigating risks were defined for further use in CRA efforts, as will be described in the 2.6 Section of the Guidelines.

Identified areas and processes within Public Enterprises Sector to be included in the CRA checklists

Area	Process
Public Procurement	Public Procurement Planning
	Public Procurement Implementation
	Public Procurement Oversight
Providing Services	Availability of services provided by public enterprises
	Pricing of services provided by public enterprises
	Complaints' procedures (reporting deficiencies/ insufficient quality in services delivery)
Election/Appointment of Public Enterprises Officials	Election/Appointment of Public Enterprises' directors
	Appointment of Public Enterprises' Oversight/Executive Board members
	Appointment of Public Enterprises' acting directors
Human Resources Management in Public Enterprises	Hiring of the staff
	Contracts on performing temporary and periodical jobs
Supervision of Work of Public Enterprises	External supervision/Oversight of work of public enterprises
	Internal supervision/control in public enterprises

2.6. How to apply Guidance with checklists at the level of national jurisdictions?

CRA Checklists for the Public Enterprises Sector represent an overview of the most prevalent corruption risks within selected common corruption-prone areas and the most vulnerable processes within these areas in targeted jurisdictions. Also, checklists offer a set of control questions related to the existence/non-existence of measures for mitigating described risks at the systemic and institutional levels. Answers to these questions by stakeholders should assist them in assessing the need for reaction on a systemic or institutional level and implement possible measures to mitigate identified risks. More precisely, if the answer to any individual control question from checklists is *No*, competent stakeholders should consider applying adequate activities that arise from the answer to the question. In addition to answering relevant control questions, to adequately assess external and systemic risk factors, stakeholders that participate in the preparation and adoption of relevant public

policies/regulations for the Public Enterprises Sector should also examine does existing legislation contain any of other regulatory corruption risk factors, elaborated in the CPL Guidance with checklists for this sector. If needed, they should consider initiating/adopting appropriate legislative amendments to mitigate these risk factors.

Checklists could be used primarily by competent ministries, anti-corruption bodies, regulatory and auditing bodies, and public enterprises, as a reminder to develop normative, institutional, organisational or practical reforms or conduct the CRA at the sectoral or institutional level. It should be repeated that checklists can provide only a basic set of questions with the direction into which one should look. One needs to tailor the questions to the specific circumstances and exercise scrutiny of all details in legislation and practice in every jurisdiction linked to each question.

3. Checklists

3.1. Area: Public Procurement

Process	Corruption Risk	Questions
<p>Public Procurement Planning (corruption risks before public procurement procedures/selection of bidder(s) processes are launched)</p>	<p>Inappropriate influence - influence on public enterprises (PEs) to include goods or services in their public procurement plans that favour certain bidders/overprice the estimated value/overestimate the quantity and similar.</p> <p>Bribing - bribing representatives of public enterprises to include procurement of goods or services in their public procurement plans that favour certain bidder/overprice the estimated value/overestimate the quantity and similar.</p>	<ol style="list-style-type: none"> 1. Is there a clear and publicly available procedure for developing public procurement plan within PEs? 2. Does the procedure for developing public procurement plan include clear and detailed standards/criteria for aligning procurements with PEs workplans (and/or with other documents that direct and regulate the work of PEs)? 3. Does the public procurement plan contain a description and justification of each public procurement/group of similar public procurements included in this plan? 4. Does the procedure for developing public procurement plan include rules for estimating the values of public procurement (for example, market research, use of other available and relevant data for estimating the values of public procurement)? 5. Is there a clear and publicly available procedure for changing/amending the public procurement plan? 6. Does the procedure for changing/amending the public procurement plan include description and justification for changes/amendments?

		7. Is the public procurement plan publicly available (published after the adoption/changes/amending)?
<p>Public Procurement Procedure Implementation (corruption risks during the public procurement procedure – selection of bidder(s))</p>	<p>Inappropriate influence on evaluation committee members to favour certain bidders/impact on heads of PEs to award the contract to a particular bidder.</p> <p>Bribing - bribing evaluation committee members to favour certain bidders/bribing heads of PEs to award the contract to a particular bidder.</p> <p>Conflict of Interest – evaluation committee members and bidders have relations that cause different conflict of interest circumstances.</p> <p>Trading with information/leaking of information - providing certain bidders with information that can favour certain bidders and provide preference/advantages to some bidders over the other.</p> <p>Favouritism – situations of giving unfair preferential treatment to one bidder over the other.</p>	<p>1. Do PEs have regulations that prescribe steps and rules for each public procurement modality (open calls, direct negotiation, emergency procedures, modality that depends on specific trash-hold value and similar)?</p> <p>2. Are there clear and detailed standards/criteria for selecting the modality of public procurement that will be used in each case?</p> <p>3. Is there a clear procedure for selecting/appointing evaluation committee members for public procurement?</p> <p>4. Is there a regulation for managing conflict of interest for evaluation committee members?</p> <p>5. Does regulation for managing Col for evaluation committee members envisage sanctions for violating the rules, and which types of sanctions are envisaged?</p> <p>6. Is there a regulation that defines the work of evaluation committee members (rulebook, instructions, guidelines and similar)?</p> <p>7. Does the regulation that defines the work of evaluation committee members include provisions that enable transparency in their work (for example: is there a possibility, rules and conditions under which evaluation committee</p>

		<p>meetings can be open to the public/interested parties, is there an obligation to publish evaluation committee meeting minutes and similar)?</p> <p>8. Is there regular and tailored training for public procurement for PEs employees and managers that include mechanisms for preventing corruption in public procurement?</p> <p>8. Is there a system in place for electronic/online submission of public procurement documentation?</p> <p>9. Does the electronic/online submission system of public procurement documentation have sufficient security checks to avoid possible misuses (log-in system with unique username and password for each bidder and similar)?</p> <p>10. Does the system for electronic/online submission of public procurement documentation have an option to track each change in the process and require confirmation of the bidders for these changes (to avoid someone else entering the system and changing the documentation out of the procedure)?</p> <p>11. Is there an obligation to publish all relevant documentation that enables the public to gain insight into selecting bidders' procedures?</p> <p>12. Is there a clear and publicly available procedure for submitting complaints of public procurement results?</p>
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		13. Is there an obligation to publish all contracts awarded through public procurement procedures?
<p>Public Procurement Oversight (corruption risks during and after the execution of the contract)</p>	<p>Inappropriate influence - influence on PEs responsible for monitoring contracts execution to accept/approve deliverables even if they are not according to the contract.</p> <p>Bribing - bribing persons in PEs responsible for monitoring contracts execution to accept/approve deliverables even if they are not according to the contract.</p> <p>Fraud - approving contract execution without proper proof that planned goods/services are delivered.</p> <p>Conflict of interest – representatives of PEs responsible for public procurement monitoring and contractor have relations that cause different conflict of interest circumstances.</p>	<p>1. Is there a clear and publicly available procedure for amending public procurement contracts?</p> <p>2. Is there an obligation to publish each contract amendment with description and justification of contract amending?</p> <p>3. Is there a clear and publicly available procedure for monitoring contracts execution?</p> <p>4. Is there a regulation for managing the conflict of interest of representatives of PEs responsible for contract execution?</p> <p>5. Does regulation for managing Col in the process of public procurement oversight envisage sanctions for violating the rules, and which types of sanctions are envisaged?</p> <p>6. Is there a procedure for "multiple signatures" within PEs to confirm proper contract execution?</p> <p>7. Is there an obligation to publish a report on contract execution?</p> <p>8. Is there an obligation to publish "blacklists"/negative references of contractors who have not performed the contract as planned?</p>

3.2. Area: Providing Services

Process	Corruption Risk	Questions
<p>Availability of services provided by PEs (procedure for applying for services provided by PEs)</p>	<p>Inappropriate influence - influence on representatives of PEs to enable services without fulfilling necessary conditions and criteria/to speed up procedure out of prescribed order and similar.</p> <p>Bribing - bribing representatives of PEs to enable services without fulfilling necessary conditions and criteria/to speed up procedure out of prescribed order and similar.</p> <p>Forgery – forgery of public documents that enable someone to obtain services (to become a customer of services) without fulfilling necessary conditions and criteria/to speed up procedure out of prescribed order and similar.</p>	<ol style="list-style-type: none"> 1. Is there a clear and publicly available procedure/instructions for applying for services provided by PEs (<i>for using to become a customer of PEs</i>)? 2. Does the procedure for applying for services provided by PEs include a clear and comprehensive list of documents/approvals/certificates/proofs required for application for services provided by PEs? 3. Is there a possibility to apply for services provided by PEs online? 4. Is the deadline to respond to the application clearly stated and known in advance? 5. Do unsuccessful applicants for services provided by PEs have a possibility for appeal? 6. Is there a system for supervision over the procedure for applying for services provided by PEs? 7. Is the relation between PEs and customers (mutual duties, responsibilities, rights) regulated by contract? 8. Is there a clear and publicly available procedure/instructions for contract termination/for termination of use of services?

		<p>9. Is there a regulation for managing conflict of interest in a process for applying and deciding upon applications for services provided by PEs?</p> <p>10. Does regulation for managing CoI in a process for applying and deciding upon applications for services provided by PEs envisage sanctions for violating the rules, and which types of sanctions are envisaged?</p> <p>11. Is there tailored training on ethics and integrity in public services delivery for managers and staff in PEs?</p>
<p>Pricing of services provided by PEs</p>	<p>Misuse of funds – use of funds collected through providing services opposite to PEs or public interest.</p> <p>Inappropriate influence - influence on representatives of PEs to enable preferential prices.</p> <p>Bribing - bribing representatives of PEs to enable preferential prices.</p>	<p>1. Is there a clear and publicly available procedure/methodology for determining the prices of services?</p> <p>2. Is the price list of services publicly available (published on the website of the PEs and regularly updated)?</p> <p>3. Are there corrective elements that are taken into account when determining the price of services (such as social status of customers, the vulnerability of certain social groups and similar/resolving preferential prices/obtaining the status of privileged customers)?</p> <p>4. Is there a clear and publicly available procedure for applying for preferential prices of services?</p> <p>5. Does the procedure for preferential prices of services include a clear and comprehensive list of</p>

		<p>documents/approvals/certificates/proofs required for application for services provided by PEs?</p> <p>6. Is the deadline to respond to the application clearly stated and known in advance?</p> <p>7. Do unsuccessful applicants for preferential prices of services have a possibility for appeal?</p> <p>8. Is there a system for supervision over the procedure for applying for preferential prices of services?</p> <p>9. Is there an efficient and effective system to supervise income and revenues realised through billing services?</p> <p>10. Is a publicly available report on income and revenues realised through billing services?</p>
<p>Complaints' procedures (reporting deficiencies/ insufficient quality in services delivery)</p>	<p>Inappropriate influence - influence on representatives of public enterprises to respond to the complaint without fulfilling necessary conditions/to speed up procedure out of prescribed order and similar.</p> <p>Bribing - bribing representatives of public enterprises to respond to the complaint without fulfilling necessary conditions/to speed up procedure out of prescribed order and similar.</p>	<p>1. Is there a clear and publicly available procedure for submitting complaints/for reporting deficiencies/insufficient quality in services delivery?</p> <p>2. Is there a possibility to submit a complaint online?</p> <p>3. Is the deadline to respond to the complaint/deficiencies/insufficient quality in services delivery clearly stated and known in advance?</p>

	<p>Forgery – forgery of public documents without fulfilling necessary conditions/to speed up procedure out of prescribed order and similar.</p> <p>Favouritism – situations of giving unfair preferential treatment to some customers over others in responding to the complaint.</p>	<p>4. Is there a possibility to appeal on unsuccessful complaints/reports on deficiencies/insufficient quality in services delivery?</p> <p>5. Is there a system for supervision over the procedure for submitting complaints/reporting deficiencies/insufficient quality in services delivery?</p> <p>6. Does the procedure for submitting complaints/for reporting deficiencies/insufficient quality in services delivery contain the obligation of producing reports on the number, types and outcomes of complaints (statistics on complaints and their outcomes)?</p> <p>7. Are these reports publicly available?</p> <p>8. Is there a practice for regular assessing customers' satisfaction toward public services provided by PEs?</p>
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3.3. Area: Election/Appointment of Public Enterprises Officials

Process	Corruption Risk	Questions
<p>Election/Appointment of PEs directors</p>	<p>Political Patronage – situations of rewarding individuals for political/electoral support</p> <p>Political influence in election/appointment</p> <p>Nepotism and Cronyism – favouring relatives or friends because of their relationships rather than their qualities.</p>	<ol style="list-style-type: none"> 1. Is there a clear and publicly available procedure for electing/appointing directors of PEs with conditions and criteria for election/appointment based on merits? 2. Is there an obligation to conduct a public call for a director position in PEs (conduct an open competitive procedure for election)? 3. Is the position of director in PEs advertised in advance? 4. Is there an obligation of PEs founder to establish a commission whose task would be to compile a list of candidates for PEs director along with a statement of reasons why and how they fulfil relevant requirements and criteria? 5. If yes, is this commission obliged to submit this list with the proposal to the body competent for the election/appointment of the PEs director? 6. Is there a system for supervision over implementing the procedure for electing/appointing PEs director? 7. Do unsuccessful applicants for the position of PEs director have a possibility for appeal? 8. Is there a publicly available regulation for managing conflict of interest (CoI) that applies to conflict of interest situations in the process of electing/appointing a director of PEs?

		<p>9. Is there a system for supervision over the implementation of procedures/rules on conflict of interest?</p> <p>10. Does regulation for managing CoI in process of electing/appointing a director of PEs envisage sanctions for violating the rules and which types of sanctions are envisaged?</p> <p>11. Are all documents related to the procedures for electing PEs directors regularly published (minutes of the election commission meetings, decisions, etc.)?</p> <p>12. Are decisions on appointments with the explanatory notes regularly published?</p> <p>13. Is there a whistle-blowing system in place for reporting corruption in the process of election/appointment of the PEs director (reporting corruption through safe channels with elements of whistle-blower's protection procedures)?</p>
<p>Appointment of PEs Oversight/Executive Board members</p>	<p>Political Patronage – situations of rewarding individuals for political/electoral support</p> <p>Political influence in the appointment</p> <p>Nepotism and Cronyism – favouring relatives or friends because of their relationships rather than their qualities.</p>	<p>1. Is there a clear and publicly available procedure for appointing PEs Oversight/Executive Board members with conditions and criteria for an appointment based on merits?</p> <p>2. Is there an obligation to organise a public call for appointing PEs Oversight/Executive Board members (conduct an open procedure for appointment)?</p> <p>3. Is the position of PEs Oversight/Executive Board members advertised in advance?</p>

		<p>4. Is there an obligation of PEs founder to establish a commission whose task would be to compile a list of candidates for PEs Oversight/Executive Board members and a statement of reasons why and how they fulfil relevant requirements and criteria?</p> <p>5. If yes, is this commission obliged to submit this list with the proposal to the body competent for the appointment of PEs Oversight/Executive Board members?</p> <p>6. Is there a system for supervision over implementing the procedure for appointing PEs Oversight/Executive Board members?</p> <p>7. Is there a publicly available regulation for managing conflict of interest (Col) that applies to conflict of interest situations in the process of appointing PEs Oversight/Executive Board members?</p> <p>8. Is there a system for supervision over the implementation of procedures/rules on conflict of interest?</p> <p>9. Does regulation for managing Col in appointing PEs Oversight/Executive Board members envisages sanctions for violating the rules, and which types of sanctions are envisaged?</p> <p>10. Are all documents concerning the procedures for appointing PEs Oversight/Executive Board members regularly published (minutes of meetings, decisions, etc.)?</p>
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		<p>11. Are decisions on appointments with the explanatory notes regularly published?</p> <p>12. Is there a whistle-blowing system in place for reporting corruption in the process of appointing PEs Oversight/Executive Board members (reporting corruption through secure channels with elements of whistle-blower's protection procedures)?</p>
<p>Appointment of PEs acting directors</p>	<p>Political Patronage – situations of rewarding individuals for political/electoral support</p> <p>Political influence in the appointment</p> <p>Nepotism and Cronyism – favouring relatives or friends because of their relationships rather than their qualities.</p>	<p>1. Is there a clear and publicly available procedure for appointing PEs acting director with conditions and criteria for an appointment based on merits?</p> <p>2. Does the procedure contain rules that provide a clear deadline for the position of the PEs acting director?</p> <p>3. Is there an obligation of PEs founder to establish a commission whose task would be to compile a list of candidates for PEs acting director along with a statement of reasons why they fulfil relevant requirements?</p> <p>4. If yes, is this commission obliged to submit this list with the proposal to the body competent for the appointment of acting director?</p> <p>5. Is there a system for supervision over implementing the procedure for appointing PEs acting directors?</p> <p>6. Is there a publicly available regulation for managing conflict of interest (CoI) that applies to conflict of interest situations in the process of appointing PEs acting director?</p>

		<p>7. Is there a system for supervision over the implementation of procedures/rules on conflict of interest?</p> <p>8. Does regulation for managing Col in appointing PEs acting director envisage sanctions for violating the rules, and which types of sanctions are envisaged?</p> <p>9. Are all documents related to the procedures for appointing PEs acting director regularly published (minutes of meetings, decisions, etc.)?</p> <p>10. Are decisions on appointments with the explanatory notes regularly published?</p> <p>11. Is there a whistle-blowing system in place for reporting corruption in the process of appointing acting director (reporting corruption through secure channels with elements of whistle-blower's protection procedures)?</p>
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3.4. Area: Human Resources Management

Process	Corruption Risk	Questions
<p>Hiring of the staff</p>	<p>Nepotism and Cronyism – favouring relatives or friends because of their relationships rather than their qualities.</p> <p>Bribery - extorting or accepting bribes to influence hiring decisions</p> <p>Sextortion - extortion of sexual favours in exchange for employment</p> <p>Patronage – situation of giving unfair preferential treatment to one candidate as a reward for their electoral support</p>	<ol style="list-style-type: none"> 1. Is there an open call for hiring staff? 2. Is it possible to hire staff without a competitive process, and if yes, how are these options limited, well documented, justified, and supervised? 3. Is there a clear and publicly available procedure for hiring the staff? 4. Does the procedure for hiring the staff include clear and detailed criteria for the selection? 5. Do unsuccessful applicants have a possibility for appeal? 6. Is there a system for supervision over the implementation of the hiring procedure? 7. Is there a publicly available internal regulation for managing conflict of interest (Col) that applies to conflict of interest situations in the process of hiring staff? 8. Is there a system for supervision over the implementation of internal procedures/rules on conflict of interest? 9. Does regulation for managing Col in the process of hiring staff envisage sanctions for violating the rules, and which types of sanctions are envisaged?

		<p>10. Is all information kept confidential before the selection process?</p> <p>11. Are vacancies filled promptly so that periods during which employees undertake more senior duties are not unduly extended, to the disadvantage of other potential applicants?</p> <p>12. Are details on qualifications of applicants verified with original documentation or certified copies?</p> <p>13. Are reasons documented if applicants were not short-listed or not interviewed?</p> <p>14. Are selection decisions documented and kept on file?</p> <p>15. Are selection decisions available to the public?</p> <p>16. Are decisions on hiring staff subject to regular audits?</p> <p>17. Is there a whistle-blowing system in place for reporting corruption in the process of hiring staff (reporting corruption through secure channels with elements of whistle-blower's protection procedures)?</p> <p>18. Is there a policy that recognises and manages sextortion as a corruption risk?</p> <p>19. Is there a publicly available policy that addresses sexual harassment?</p>
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<p>Contracts on performing temporary and periodical jobs</p>	<p>Abuse of public office – situation of giving contracts on performing temporary and periodical jobs contrary to the existing rules</p> <p>Patronage – situation of giving contracts on performing temporary and/or periodic jobs as a reward for their electoral support</p> <p>Nepotism and Cronyism – situation of giving contracts on performing temporary and/or periodic jobs relatives or friends</p>	<p>1. Is there a clear and publicly available procedure for the conclusion of contracts on performing temporary and periodical jobs?</p> <p>2. Does the procedure contain rules on required conducting a needs assessment for contracting temporarily?</p> <p>3. Does the procedure for the conclusion of contracts on performing temporary and periodical jobs include clear and detailed criteria for contracting?</p> <p>4. Is there an open call for performing temporary and periodical jobs?</p> <p>5. Is there a system for supervision over the implementation procedure for the conclusion of contracts on performing temporary and periodical jobs?</p> <p>7. Is there a publicly available internal regulation for managing conflict of interest (CoI) applicable to conflict of interest situations in the process for conclusion of contracts on performing temporary and periodical jobs?</p>

		<p>8. Is there a system for supervision over the implementation of internal procedures/rules on conflict of interest?</p> <p>9. Does regulation for managing Col in the procedure for concluding contracts on performing temporary and periodical jobs envisage sanctions for violating the rules, and which types of sanctions are envisaged?</p> <p>10. Are selection decisions regularly published?</p> <p>11. Are decisions on the conclusion of contracts on performing temporary and periodical jobs subject to regular audits?</p> <p>12. Is there a whistle-blowing system in place for reporting corruption in the conclusion of contracts on performing temporary and periodical jobs (reporting corruption through secure channels with elements of whistle-blower's protection procedures)?</p> <p>13. Is there a Code of Conduct/Rules of Conduct for employees in public enterprises?</p> <p>14. Are there any anti-corruption and integrity trainings that include implementation of the Code of Conduct/Rules of Conduct for employees in public enterprises?</p>
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3.5. Area: Supervision of Work of Public Enterprises

Process	Corruption Risk	Questions
<p>External supervision/Oversight of work of PEs</p>	<p>Political influence in the external supervision process</p> <p>Fraud in the external supervision process</p> <p>Conflict of interest - a situation when an individual who conducts supervisory or control functions in respect to concrete PE had an assignment(s) with that PE.</p>	<ol style="list-style-type: none"> 1. Are there clear and publicly available regulations/procedures for external supervision of different aspects of PEs work? 2. Do these procedures/regulations include clear and detailed standards/criteria for external supervision of different aspects of PEs work? 3. Do relevant rules for external supervision of different aspects of PEs work include a clear division of competences among different competent bodies and guarantees of independence in the decision-making process? 4. Is there a uniform and mandatory methodology for reporting about the different aspects of operations of PEs to the founder that includes required content of relevant reports? 5. Are there clear and publicly available procedures and deadlines for reviewing and approving the business plans and other relevant documents (reports) of PEs, by the founder? 6. Are there clear and specified rules on founder's powers in the event of any disruptions in PEs business operations and measures that it can take to ensure conditions for smooth conduct of activities of common interest? 7. Are all decisions related to the external supervision of different aspects of PEs work regularly published?

		<p>8. Is there a publicly available and regularly updated registry of all PEs on the founder's website that contains information about their establishment, competences, funding, use of funds, management bodies, business results and plans?</p> <p>9. Is there a regular practice to publish presentations and discussions of the business results and effects of PEs by the founder?</p> <p>10. Are there rules that contain clear conditions and criteria for selection of external supervisors that will be in charge for supervision of PEs work?</p> <p>11. Is there a publicly available regulation for managing conflict of interest (CoI) for all persons involved in external supervision of different aspects of PEs work?</p> <p>12. Does regulation for managing CoI in process of external supervision of different aspects of PEs work envisage sanctions for violating the rules and which types of sanctions are envisaged?</p> <p>13. Is there a system for supervision over the implementation of procedures/rules on conflict of interest?</p> <p>14. Are there tailored training for all persons involved in external supervision of different aspects of PEs work?</p>
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<p>Internal supervision/control in PEs</p>	<p>Abuse of public office/ inappropriate influence - influence on individuals competent for conducting internal supervision/control to act contrary to the rules on internal supervision/control.</p> <p>Fraud in the internal supervision process</p> <p>Conflict of interest</p>	<p>1. Are there clear and publicly available regulations/procedures for internal supervision/control of PEs work?</p> <p>2. Do these procedures/regulations include clear and detailed standards/criteria for internal supervision/control of different aspects of PEs work?</p> <p>3. Is there an internal audit system within PEs established?</p>

		<p>4. Is there established and maintained a system of internal accounting controls in PEs following international standards and best practices?</p> <p>5. Is there a uniform and mandatory methodology for internal reporting about the different aspects of operations of PEs?</p> <p>6. Are decisions related to the internal supervision/control of different aspects of PEs work regularly published?</p> <p>7. Are there rules that contain clear conditions and criteria for selection of employees that participate in internal supervision/control of PEs work?</p> <p>8. Is there a publicly available regulation for managing conflict of interest (CoI) for all persons involved in internal supervision/control of different aspects of PEs work?</p> <p>9. Does regulation for managing CoI in process of internal supervision/control of different aspects of PEs work envisage sanctions for violating the rules and which types of sanctions are envisaged?</p> <p>10. Is there a system for supervision over the implementation of procedures/rules on conflict of interest?</p> <p>11. Are there tailored training for all persons involved in internal supervision/control of PEs work?</p>
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