

## Combatting Corruption from the Inside: An Internal Affairs Approach







#### OECD LATIN AMERICA ACADEMY FOR TAX AND FINANCIAL CRIME INVESTIGATION

Conducting Financial Investigations (Foundation) Programme 25/Nov – 04/Dec/2024

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#### Agenda

- Introduction
- What is Corruption?
- Impact of Corruption
- Corruption Worldwide
- Internal Affairs
  - Public Agent
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  - Dilemma Discussion
- Can Honest People Act Corruptly?
  - The Corruption Experiment (vídeo)
  - Why Do People Get Into Corrupt Acts?
- Preventing Corruption
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- Law Enforcement System
  - Administrative Procedure
  - How to Investigate
- Conclusions
- Q&A



#### Introduction



**Corruption** is a major challenge that affects governments and companies worldwide.

This presentation will approach the topic through Internal Affairs point of view, the role played by public agents and will encourage participants to discuss the subject through practical cases.



What is corruption?



"Corruption is the abuse of power for private gain" (Transparency International)



#### Forms of Corruption

**BRIBERY** 

**COUNTERFEITS** 

**NEPOTISM** 

**ILLICIT TRADE** 

**LOBBYING** 



SELL SENSITIVE INFORMATION

MONEY LAUNDERING

**VAT FRAUD** 

**CONFLICT OF INTEREST** 



Impact of Corruption



#### Impact of Corruption

**TERRORISM** 

ORGANIZED CRIME

INCREASES SOCIAL VULNERABILITY

POOR PUBLIC SERVICES

**CRIMINALITY** 

**INJUSTICE** 

PERPETUATES POVERTY

CORRODE TRUST IN
SYSTEMS AND
INSTITUTIONS



## Corruption Worldwide

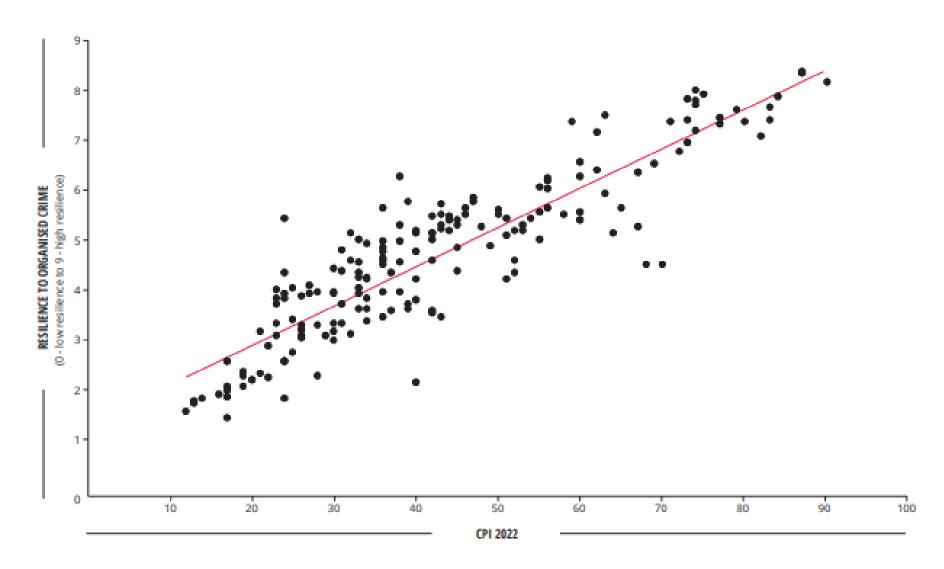


Corruption has made our world a more dangerous place. As governments have collectively failed to make progress against it, they fuel the current rise in violence and conflict – and endanger people everywhere. The only way out is for states to do the hard work, rooting out corruption at all levels to ensure governments work for all people, not just an elite few.

Delia Ferreira Rubio Chair, Transparency International

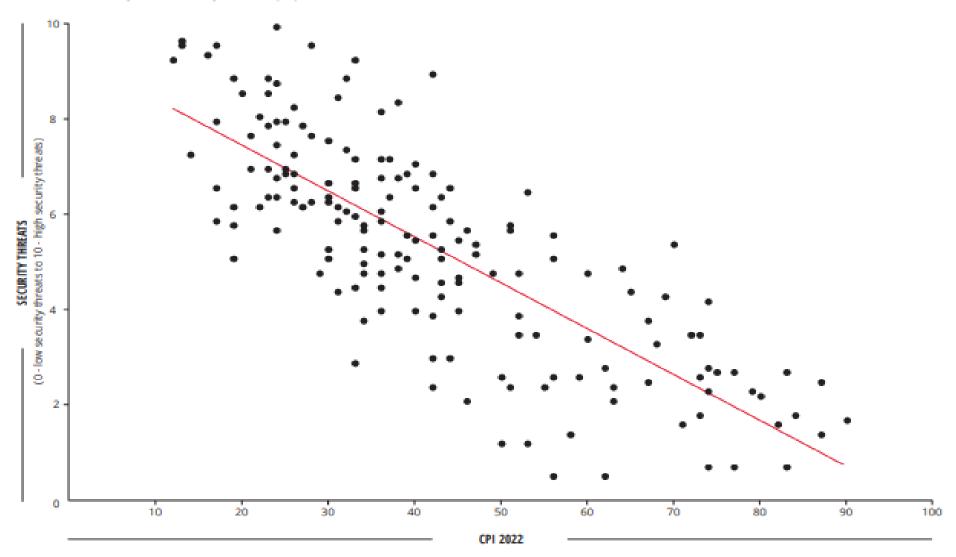
#### Corruption and Resilience to Organised Crime

Countries with high CPI scores are more resilient to the threats posed by organised criminal groups.



#### **Corruption and Security Threats**

Countries with low CPI scores tend to experience more violent threats, and be worse at dealing with them and guaranteeing the safety and security of their populations.



#### **Internal Affairs**



#### The role of internal affairs

Internal affairs is responsible for ensuring that organizations comply with laws, regulations, and ethical standards. It plays a crucial role in preventing and detecting corruption. Internal affairs can establish policies, procedures, and controls to reduce the risk of corruption. It can also investigate and punish corrupt behavior.

#### **Internal Affairs**



**People** are in the center of organizations and governments. They are one of the key elements for the success or failure in companies.



**Public Agents** are entrusted with protecting the public interest. When engaged in corrupt behavior they can undermine the institutions they serve and its credibility.



#### **Internal Affairs**

### Public Agents:

- Speak for and in the name of the Public Administration
- Public Integrity Orientated
- Code of Conduct



# DO YOU KNOW ABOUT A CODE OF CONDUCT WITHIN YOUR AGENCY?



#### Dilemma Game

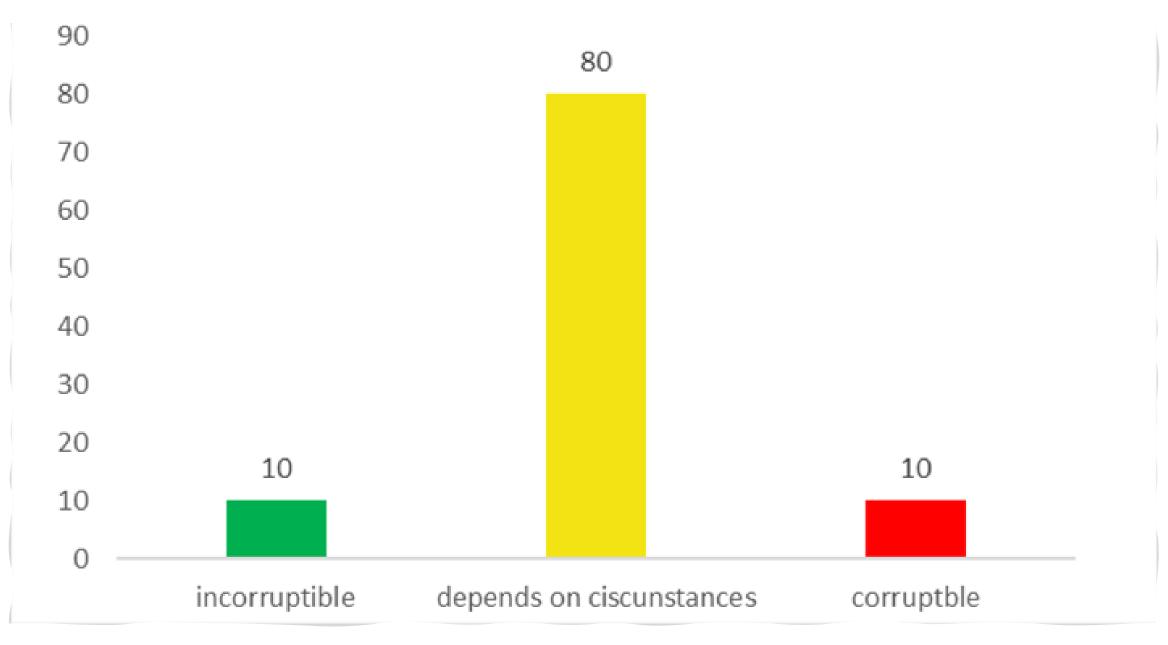












WHY DO PEOPLE
GET INTO
CORRUPT ACTS?



#### Honest People and Corruption – Findings

- People are not as ethical as they think
- Guilt becomes smaller when shared
- Transparency is not an end in itself
- Unethical choices are often made by people who want to behave ethically
- Social dynamics impact individual behaviour
- Making choices in the public interest requires trust in the system



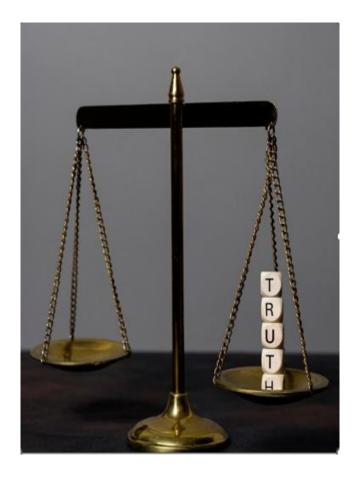
#### Prevention



#### Detection



#### Sanctioning





Preventing Corruption





## **Preventing Corruption**

Code of Conduct Checks and balances

Integrity Program

Compliance

Clear Reporting

Transparency

Engagement of Civil Society

Ombudsman

Regulate Lobbying

School Programme

Quarantine

OECD Public Governance Reports

## Preventing Corruption

- Behaviours matter
- Integrity Program
- Tone at the top
- Moral reminders (nudge)



HOW DO YOU
DETECT/REPORT A
CORRUPT PUBLIC
AGENT IN YOUR
ORGANIZATION?



#### **Detecting Corruption**



Internal Affairs procedures

Checks and balances

Ombusman

Senior report

**Internal Control** 

**Audit** 

Whistleblower

### **Detecting Corruption**



Whistleblower

#### Detecting Corruption – Whistleblower – Definition - 1/6



The International Labour Organization (ILO) defines it as "the reporting by employees or former employees of illegal, irregular, dangerous or unethical practices by employers."

OECD Anti-Bribery Recommendation refers to protection from "discriminatory or disciplinary action public and private sector employees who report in **good faith** and on **reasonable grounds** to the competent authorities ..."

#### Detecting Corruption – Whistleblower – Scope of Coverage - 2/6



- Persons Afforded Protection as broad as possible
- Subject of Protected Disclosures ilegal, unethical or dangerous activities

#### Detecting Corruption – Whistleblower – Mechanisms for Protection - 3/6



#### Box 2. Comprehensive protection in South Africa

#### Definitions

- (vi) "occupational detriment", in relation to the working environment of an employee, means—
- (a) being subjected to any disciplinary action;
- (b) being dismissed, suspended, demoted, harassed or intimidated;
- (c) being transferred against his or her will;
- (d) being refused transfer or promotion;
- (e) being subjected to a term or condition of employment or retirement which is altered or kept altered to his or her disadvantage;
  - (f)being refused a reference, or being provided with an adverse reference, from his or her employer;
  - (g) being denied appointment to any employment, profession or office;
  - (h) being threatened with any of the actions referred to paragraphs (a) to (g) above; or
- (i) being otherwise adversely affected in respect of his or her employment, profession or office, including employment opportunities and work security.

Source: South Africa Protected Disclosures Act of 2000, Section vi.

#### Detecting Corruption – Whistleblower – Mechanisms for Protection - 3/6



#### **Anonymity and Confidentiality**

\*anonymous disclosures: According to Brazil's Supreme Court an anonymous tip cannot **by itself** warrant the opening of a criminal investigation. (Supreme Court of Brazil, Inquiry No. 1.957, 11 May 2005)

#### Detecting Corruption – Whistleblower – Reporting - 4/6



- Channels for Reporting
- Use of Incentives to Encourage Reporting
- Anti-corruption bodies
- Ombudsman
- Police/Prosecutor
- Trade Unions

## Detecting Corruption – Whistleblower – Barriers - 5/6



- Cultural
- Lack of trust in Institutions
- Retaliation

# Detecting Corruption – Whistleblower – Awareness raising - 6/6



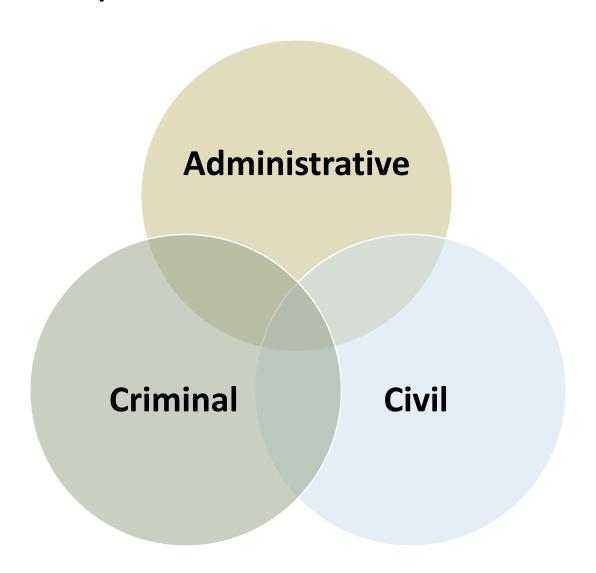
- Effective communication
- Training
- Guidelines
- Periodic Reports

#### Group work:

Based on the Dilemma you discussed with your group, what kind of preventive/detecting corruption measure would you apply for that particular situation?

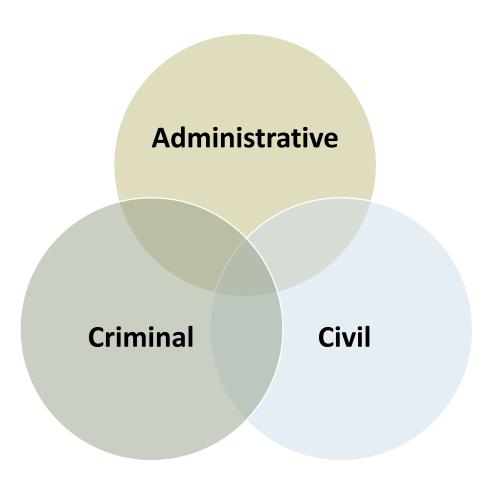


# Law Enforcement - System



# Law Enforcement - System

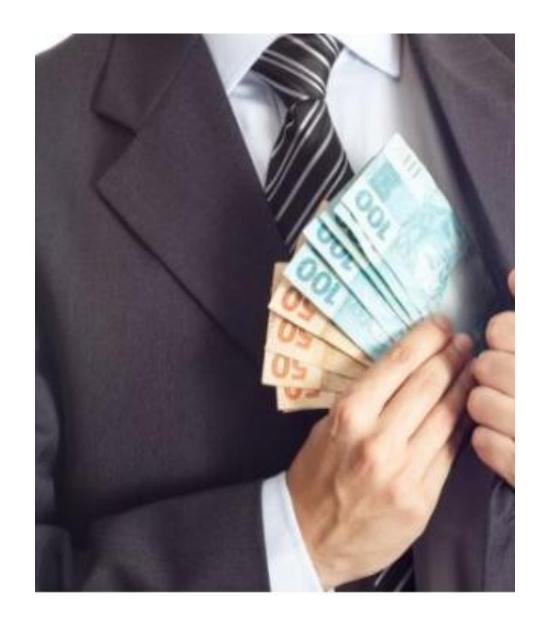
Possibility of evidences sharing



#### **Internal Affairs**

#### Administrative Procedure

- Disciplinary nature (agent)
- Direct investigation
- Not public
- Seeks to investigate suposilly corrupt acts

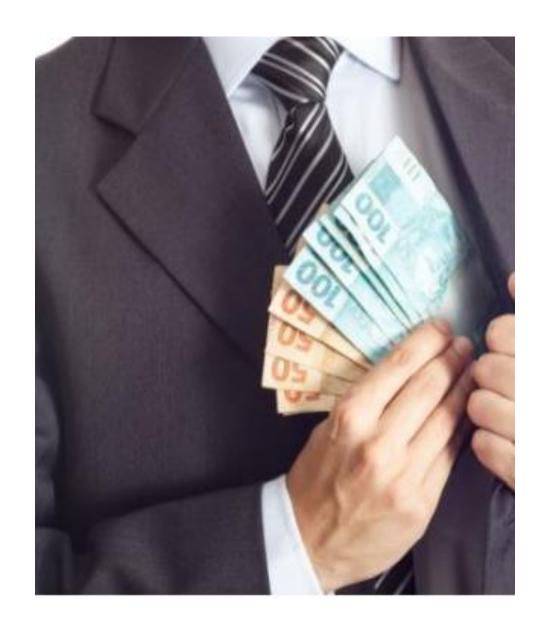


### **Internal Affairs**

#### Administrative Procedure

#### Possible Sanctions:

- Fine
- Warning
- Suspension
- Dismissal

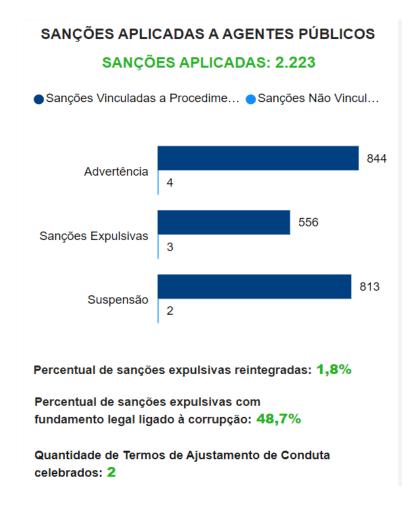


#### **Internal Affairs**

Year of 2023 - Brazil

% of dismissive sanctions applied with legal basis related to corruption in the federal public service after administrative proceedings

48,7%



https://centralpaineis.cgu.gov.br/visualizar/corregedorias









 Incompatible living stardard for financial compensation as a public agent.

 Brazil is a pioneer country in creating rules to comprehensively oblige public agents to annually submit information to the Public Administration about their income and assets.



- Look for external signs (luxury goods such as yachts, watches, vehicles, real estate and property renovations)
- Luxury and frequent parties
- Works of Art, jewels, etc
- Social media and ostentatious lifestyle
- Sudden or drastic change in lifestyle or comsumption behaviour





- Heritage
- Prizes
- Cross border operations
- Loans/mortgages

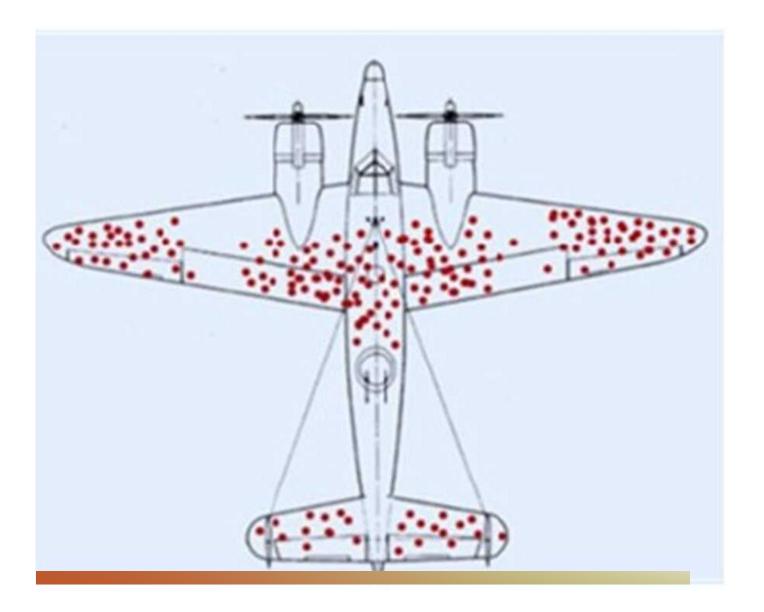
As they may be used to launder illicit funds





- ✓ Inter-institutional Cooperation
- ✓ Participation in international organizations
- ✓ International Cooperation
- ✓ Technical cooperation and cooperation networks

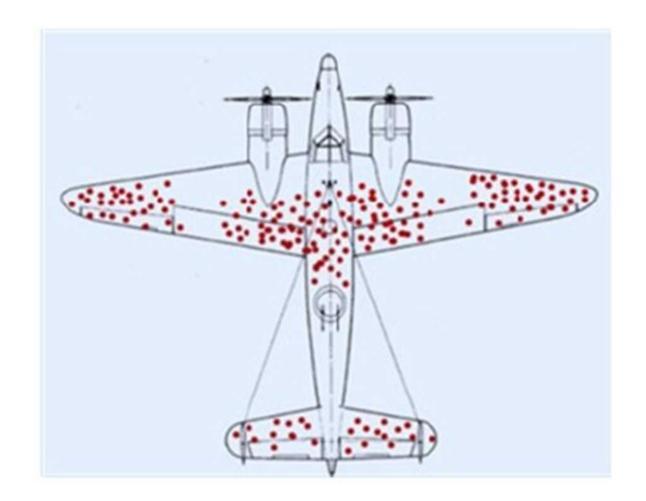
- In the Second World War, Abraham Wald's team analyzed every plane returning from battle and highlighted the areas with the most bullet marks.
- The distribution of the perforations was not uniform: the marks in red represent the areas most frequently hit on the planes.
- Based on this information, where would you reinforce the fuselage?



#### **FINDINGS**

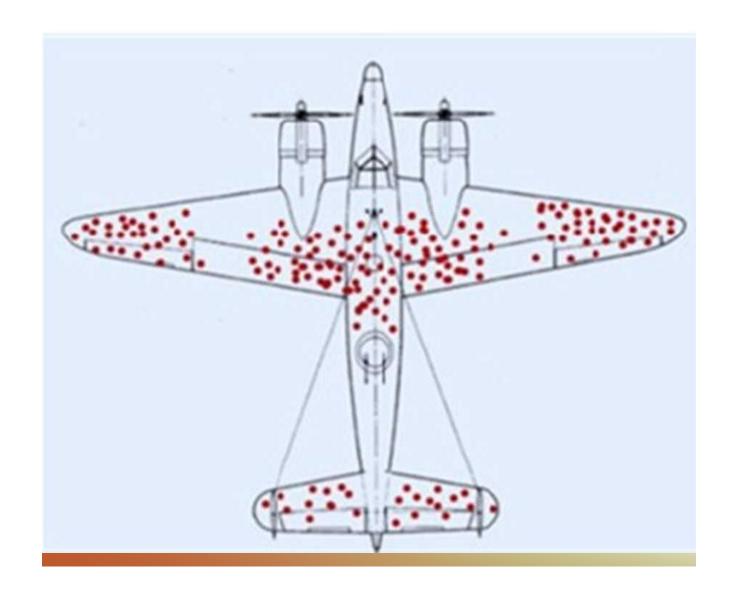
- 1) Do not reinforce the worst hit areas;
- 2) Shield the areas without any markings (such as the engines);

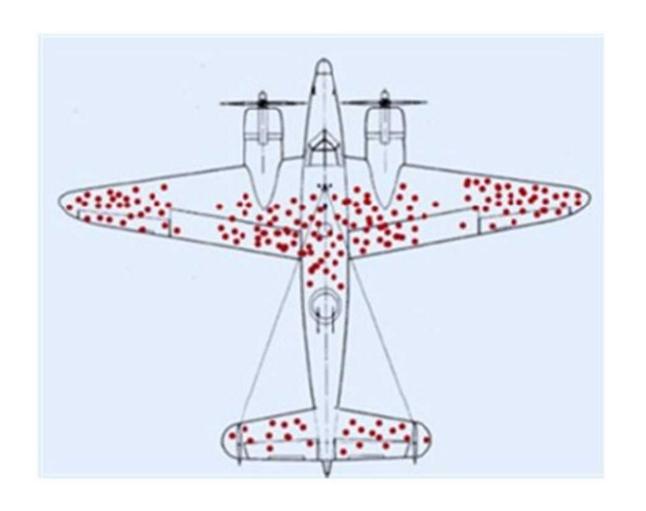
The planes that received the most shots in the highlighted areas were able to fly back. But those that were hit in the unmarked areas did not even come back.



#### Survival Bias

• Type of selection which consists of the logical error of focusing on things or people that have survived some process while ignoring those that have been eliminated due to their lack of visibility.





# Conclusion

- Strenghen the invisible parts (agents) through effective prevention corruption methods.
- Promote anti corruption culture within organizations in order to achieve high standards of behaviour in Public Administrations.



# Thank you very much Muito Obrigada Muchas Gracias

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