THE IMPERATIVES OF SYSTEM REVIEW: ITS IMPACT IN MDAS

DIO A. EMMANUEL
ICPC, ABUJA
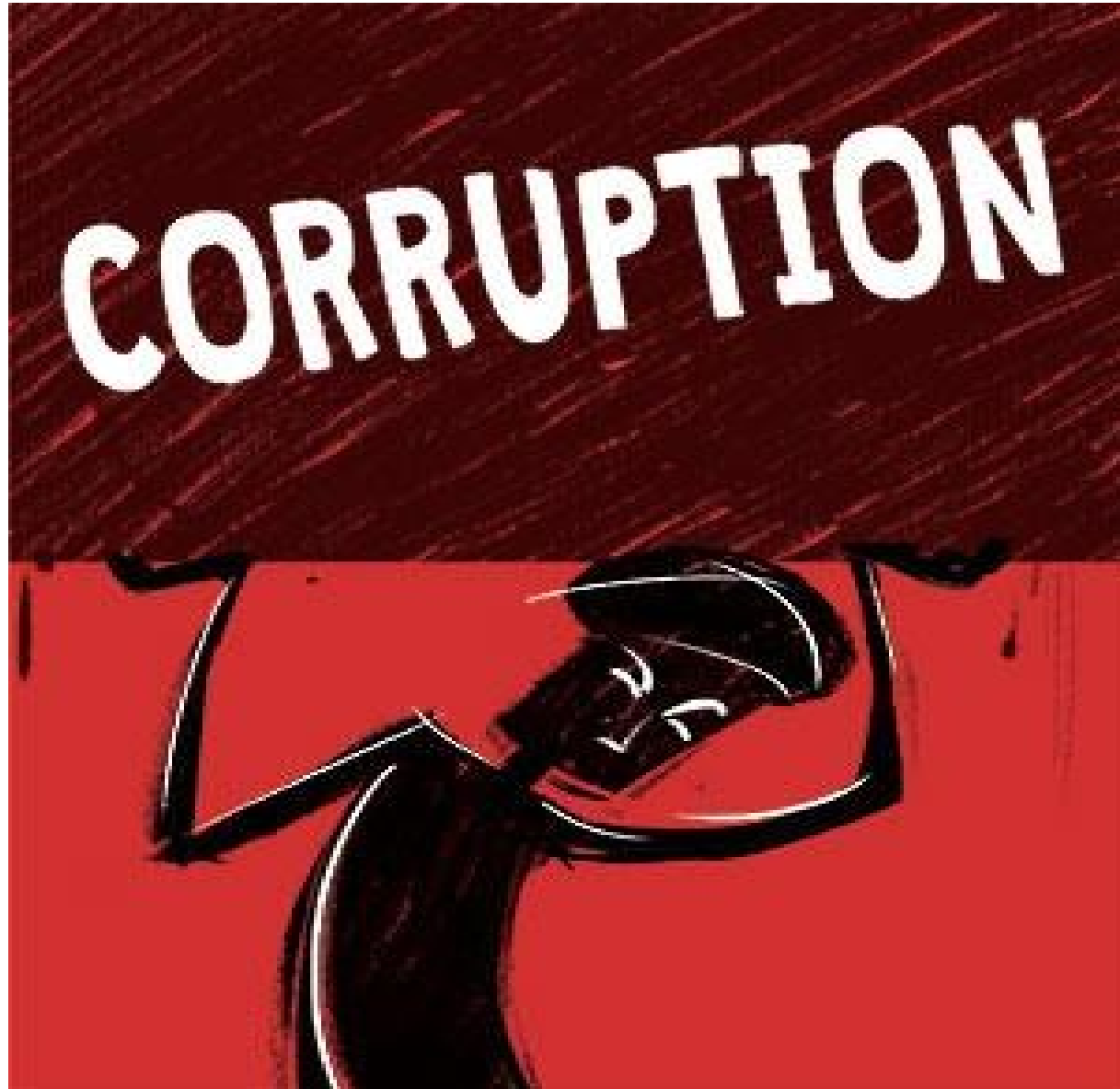**dio.emmanuel@icpc.ng.com**
dioemmadio@gmail.com
08033417111

<u>OUTLINE OF PRESENTATION</u>

- ❑ Introduction
- ❑ Definition of key terms
- ❑ Preventive Mandate
- ❑ ACTU Authority
- ❑ The Approach In System Study
- ❑ Trigger Factor
- ❑ Stages in System Study
- ❑ Data Collection Tools (Study Template)
- ❑ Conclusion

INTRODUCTION

Corruption:?

The abuse of entrusted power for private gain".
(Transparency International)

<u>INTRODUCTION</u>

- The Independent Corrupt Practices and Other Related Offences Commission (ICPC) established by the Corrupt Practices and Other Related Offences Act 2000, with mandate as enshrined in section 6 (a-f) categorizes into **3-pronged approach.**

❑Deterrence *or Punitive (a)*

❑Prevention (b-d)

❑Education, Enlightenment, Foster public support (e & f)

DEFINITION OF TERMS

- **System:** A group of interrelated parts that work together as a whole for a particular purpose. *(Longman dictionary)*

- ***Procedure:** A step taken; an act to performed; a proceeding, the steps taken in an action. A series of actions, motions or occurrences; progressive act or transaction, continuous normal or actual course.*

- ***Practice:** The actual application or use of an idea, belief or method, as opposed to theories relating to it.*

DEFINITION OF TERMS

- ❑ **System Study** is used to describe the study of a situation in terms of system theory in order to generate information for control, problem solving and decision making.

- ❑ **Systems Review** - "the careful re-examination and actions aimed at effecting necessary changes to a system in order to reduce its susceptibility/vulnerability to corruption."

<u>PREVENTIVE MANDATE</u>

Section 6 (b-d) of Act, 2000:

☐(b) To examine the **practices, systems** and **procedures** of public bodies and where, in the opinion of the Commission, such practices, systems or procedures aid or facilitate fraud or corruption, to direct and supervise a review of them;

☐(c) To instruct, **advise** and assist any officer, agency or parastatals on ways by which fraud or corruption may be eliminated or minimised by such officer, agency or parastatal;

☐(d) To **advise** heads of public bodies of any changes in practices, systems or procedures compatible with the effective discharge of the duties of the public bodies as the Commission thinks fit to reduce the likelihood or incidence of bribery, corruption, and related offences;

SOME NOTABLE INITIATIVES OF ICPC UNDER Section 6 (b-d) of Act, 2000:

❑ESTABLISHMENT OF ACTUs IN MDAs

❑ETHICS AND COMPLIANCE SCORECARD (ECS)

❑BUDGET IMPLEMENTATION MONITORING

❑CORRUPTION RISK ASSESSMENT (CRA)

❑SYSTEM STUDY AND REVIEW (SSR)

SYSTEM STUDY AND REVIEW (SSR)

- System Study implies inquire into government systems, practices and procedures to identify vulnerabilities permitting corruption and advice a review.

- COUNTLESS NUMBER OF SSR since inception

- XRAY OF 2010-2019 SSR FINDINDS

SOME KEY FINDINGS SINCE 2010-2018

❑Excessive discretional powers of the Director, Land Administration in determining land application and process same for approval.

❑Weak financial management systems, e.g. forgery and recycling of bank drafts for payment.

❑Cloning of land documents.

❑Allocation of plots of land without approval.

❑Creation of fake layouts and fraudulent allocations in Area councils.

SOME KEY FINDINGS SINCE 2010-2018

❑Agencies operating without government Board for several years.

❑Violation of the Federal Character Principle in recruitment processes.

❑Establishment Act obsolete/Board of Internal Revenue edict not reviewed since inception or operational manual stale and obsolete or non-existence or lacks codified Standard Operating Procedures

SOME KEY FINDINGS SINCE 2010-2018

❑Lack of internal control and checks- a single officer in Cash Pay Office handling three other jobs and some cases non-existent of relevant section in Finance Department.

❑Weak internal control mechanism- Revenue collecting banks not remitting revenue on weekly basis as agreed and some banks maintaining other accounts otherwise called " transit account" without approval. Agency maintains other bank accounts not tied to the state IGR Account. And generated funds are not remitted to the main IGR Account. Illegal diversion of patient's deposits to staff as official and officials loans. Revolving funds violations in accordance with the guidelines as many were used for irregular payments.

SOME KEY FINDINGS SINCE 2010-2018

❑Staff in out-stations not paid based on nominal roll but the headquarters paid them **whimsically.** In some cases personnel budgets are inflated by unidentified staff.

❑Allocations and Expenditures on Sub-heads of vote-book is based on the discretion of Finance Departments and not the annual budget of the federation. Money are paid to staff or execution of projects/activities without budgetary provision. In some cases it become difficult to account for such……..(i**nvestigation**).

❑Failure to remit unspent balance of Personnel Cost and Non-procurement Capital unspent to the treasury.

SOME KEY FINDINGS SINCE 2010-2018 cont.….,

❑Gross violation of procurement process where contractors with *false* documents were awarded contracts; some cases non-execution of contracts; Some discrepancies where bid security not requested for projects with N300M values as required by law.

❑Interferences and lack of financial autonomy as budget is controlled by agencies oversees its operations. And in some agencies there are usurpation power by the supervisory ministries.

❑Absence of procurement unit in line the PPA 2007.

❑WHT and VAT were not remitted.

SOME KEY FINDINGS SINCE 2010-2018 cont….,

❑ Touting and Agents / vesting much authority on Consultants **without** reviewing their activities.

❑ Inadequate equipment's for diagnosis, poor facilities for treatment of patients and training of Doctors.

❑ Tax Clearance Certificates issued to applicants by officials without verification whether registration, renewal and tax payments fully made.

❑ Absence of Planning Department/Monitoring and Evaluation creates room for poor monitoring and evaluation of work.

❑ Difficulty in accessing foreign exchange at government approved rate affects the operations.

2019 SSR FINDINDS ON PERSONNEL AND CAPITAL FUND IN 2019 EXPENDITURE IN 201 MDAs

❑RECURRENT EXPENDITURES (Massive unspent balance on personnel and Overhead suggestive of Nominal roll fraud and paddling)

- Personnel Cost - Promotion Arrears
                   - Salary Advances
                   - Salary Arrears
                   - Overtime

SSR ON PERSONNEL AND CAPITAL FUND IN 2019 EXPENDITURE FOR 201 MDAs cont…...,

- Overhead Cost   - Horticulture /Flowering

  - Security Service

  - Skipping Allowances

  - Consumables

  - Publicity Bills Payment

  - Training Cost

  - Uniforms

  - Clinic Services

  - Vehicle Loans

  - Unremitted tax

  - DTA

SSR ON PERSONNEL AND CAPITAL FUND IN 2019 EXPENDITURE FOR 201 MDAs

❑ CAPITAL EXPENDITURE (Misuse of capital fund)

- Due process violation in award of contracts

- Extra-Budgetary Expenditures

- Non-Remittance of taxes

- Procurement of Diesel

- Payments of DTA

- Training Cost

- Virement

- Procurement Fraud

- Unauthorised Payment

- Abuse of Office

<u>**ACTU AUTHORITY**</u> (ICPC ACT 2000)

- ❑ Section 7$^{(1)}$ Issue Administrative orders **"Standing Orders**

- ❑ Section 70 Make **rules** for giving effect to the provisions of this Act in form of any **notice, order, declaration or any other matter** under this Act; and for the **service or delivery** of any **notice, order, direction, instruction**, or **other thing** to be done under this Act..

Prof. Bolaji Owasanoye

ACTU AUTHORITY

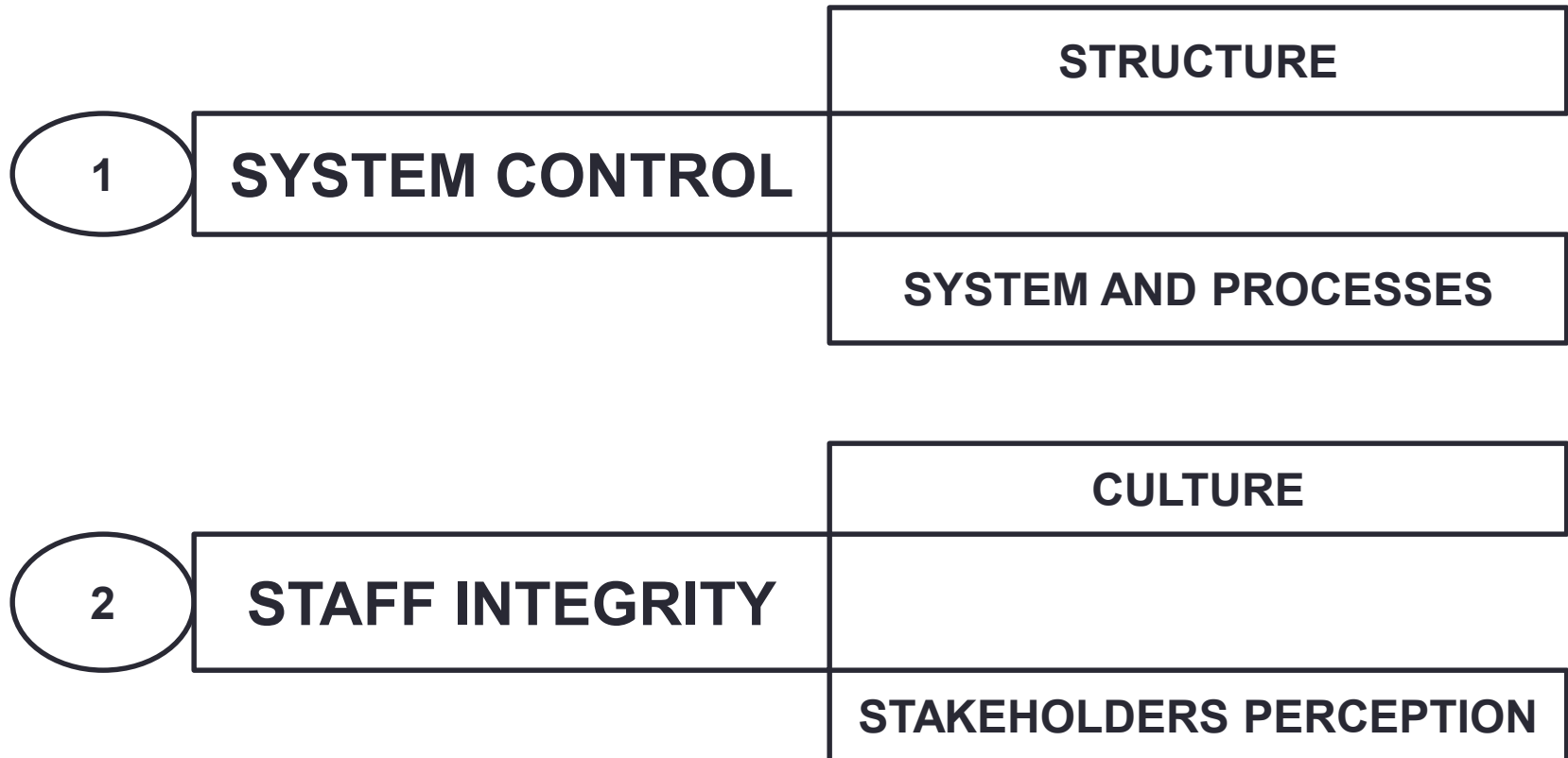## (STANDING ORDER *FOR* THE OPERATIONS OF THE ACTUs IN MDAs 2014)

- 12.1-1 The Unit shall examine the practices, systems and procedures in their respective establishments as provided in Section 6 (b-d) of the Act2000 not less than twice in a year or as shall be directed by the Commission.

- 12.1-2 After such exercises, the Unit shall submit a detailed report with recommendations to the Commission for appropriate action. Copies of such reports shall be sent to the Permanent Secretary or Chief Executive of the organization.

- 12.1-3 Unit shall have power to make recommendations to the management of their respective organizations pursuant to its functions.

ACTU AUTHORITY (STANDING ORDER) cont…..

- 12.1-4 The Management of respective MDAs shall ensure that it puts necessary machinery in place to effect implementation of the recommendations made to it by the Unit within 60 days of official receipt of such recommendations or proffer in writing, reasons for not implementing the recommendations.

- 12.1-5 The Commission shall monitor compliance with the System Study recommendations made and where necessary, take necessary action in the event that the Management of an MDA refuses to implement the recommendations

THE APPROACH IN SYSTEM STUDY

❑SSR two concepts

		STRUCTURE
1	**SYSTEM CONTROL**	
		SYSTEM AND PROCESSES

		CULTURE
2	**STAFF INTEGRITY**	
		STAKEHOLDERS PERCEPTION

SYSTEM CONTROL

❑Opportunity makes a thief' - since corruption usually occurs when opportunity is created.

❑Reducing opportunity for corruption by decreasing discretion and increasing transparency and accountability will increase system control.

❑When system control such as Efficiency, Transparency & Accountability, Procedural Guidelines, Supervisory Checks and Control, Public Complaint & Independent Audit is **high** then Corruption Opportunity is usually **low.**

STAFF INTEGRITY

❑The higher the staff integrity the lower the corruption risk

• Code of Ethics

• Declare Conflict of Interest/asset

• Integrity vetting

• Commit to zero tolerance Strategy

• Set role model by senior officers

SYSTEM STUDY FOCUS

The focus being to scrutinize;

- **Formal procedures** (how work is intended to be done) Assessment of the legal framework, organizational structures, codes of ethics that guide behavior of employees etc.

- **Informal practices** (how work is actually done) Work habits, Discretion, Delay, Security of information. Ensure familiarization with the past and present state of affairs in the organization (Relevant background literature)

- **Management of work** (how work is scheduled and controlled); Supervision, Publicity, Accountability. Study Instruments; i.e. rules, regulations, extent circulars, procurement act etc.

HOW TO CONDUCT SYSTEM STUDY AND REVIEW

TRIGGER FACTOR

REACTIVE

- Suggestions/Complaints from staff

- Information from print/electronic media

- Feedback from community relation outreach program

- Recommendations of an investigation

- Request by the organization

PROACTIVE

- Outcome of public perception survey

- Proposals initiated for intervention

STAGES OF SYSTEM STUDY

6 stages

1.   **Proposal and Approval**

Depending on the trigger/mode, a systems study commences on the directive or approval of proposal that state a clear plan starting with;

- *Title:* The subject matter to be examined.
- *Background*: Mandate of the organisation and need to curb corruption.
- *Problem Statement*: The problem to be addressed by the system study and review. It should state specific events and issues that gave rise to the problem.
- *Objectives*: Indicate the goals to be achieve (include identifying weaknesses and loopholes for corruption, making recommendations as well as facilitating the implementation of the recommendation.
- *Scope:* Location of the institution(s)/departments/units etc. that will be visited and timeframe.
- *Terms of Reference/Methodology*: Outline the specific activities that will be carried out.
- **Timeline:**
- *Budget*: Financial implication

2.   **Field work and Data Collection**

- **Desk Review** of relevant literature i.e. Relevant legislations (e.g. ICPC Act 2000, Public Procurement Act 2007 etc.); Public Service Rules; Financial Regulations, extant circulars etc. on the subject.

- A notice of the exercise is served on the target organization.

2. Field work and Data Collection

i. ***Examination of documents:*** Request is made for relevant internal documents and records such as the various Books of Accounts, Payment Vouchers, Approval records, Contracts Register, Bank Statements, Revenue profile, Policy documents, Procedural guidelines, Employee Handbooks etc., for study.

ii. ***Questionnaire:*** To be administered on Staff, Management and External Stake holders to elicit relevant information on the Practices, Systems, Procedures and Operational lapses.

2. Field work and Data Collection cont…

iii. Direct observation of processes: Observation of work, facilities and supervision processes

iv.   Interviews: (*Management, Employees, Business Partner, other stakeholders or key informants****):*** Formal interviews and meetings with key personnel, field officers etc.

v.   Focus group discussion: A forum for staff of the organization with encouragement for free discussion on corruption issues. This might not be valuable in terms of quality of information generated, but will be helpful.

3. Collation and Analysis of Data

❑The various data gathered in the course of the study would be analyzed to enable conclusions to be drawn. The analyzed data would be presented to show trends and conditions of the studied system.

❑The data should be subjected to **Critical Examination** through Expert assessments and Focus group discussions with innovations, free and objective mind with the aim of coming up with the best reviewed system or procedure

4.   Report and Recommendations

- The new system or procedure is recommended, which must indicate transparency, simplicity and saving in cost and time compared to the former system or procedure

- Report of Findings and **Recommendations** in written form for formal approval is forwarded to the approving authority, e.g. Federal Executive Council, the Minister/ CE, and the Head of the Civil Service of the Federation for consideration and copy ICPC.

- The report should contain; Preamble, Scope, Objective, Methodology, Findings, Implications and Recommendations.

- **Recommendation** should be affordable, achievable, consider pressure of work, sense of balance or proportion, Confidentiality etc.

5. **System Review**

- A review must come only after a system study had been carried out as a necessary prerequisite.

- A review in this context implies either changing the entire system in operation or making certain adjustment as best alternative which deterred corruption.

6.   Implementation, Training and Follow-up Mechanism

- **Implementation**

Is done through a written notice or a circular to the affected offices while training of affected personnel is essential.

- **Follow-up mechanism:**

This involves compliance and maintenance of the newly introduce guidelines and procedures. This should be accorded utmost importance in order to ensure that the new ideas were exercised and maintained accordingly. The organization is required to provide evidence of compliance with the instructions and need to periodically monitor.

IMPACT OF SYSTEM STUDY AND REVIEW

- Most MDAs have corrected hitherto crooked or exposures to pathogens of corruption and unethical practices. Peripheral and opaque systems and processes are opened up for public scrutiny thereby speeding up service deliveries. FGD is people-oriented and public-driven.

- Records keeping ensured and computerisation of files encouraged. Electronic and automated payment systems to check theft and leakages of government funds and revenue enforced.

IMPACT OF SYSTEM STUDY AND REVIEW

- SSR have taken funds from predatory hands- officials with penchant and predilection for graft and wo gloat on public resources. A number of officials have been directed to refund billions of public funds fraudulently diverted from government projects and converted to private purse and use.

- SSR have brought consciousness to officials in doing government business (Enhanced ethics and deterred abuses). Helps to sanitize the workplace for optimal effectiveness.

- It enhanced development of infrastructures and facilities such as CCTV cameras, e-payment platforms, that drastically reduced touting, agents and related crimes.

IMPACT OF SYSTEM STUDY AND REVIEW

- Serve as monitoring and evaluation tool as it offer the public body opportunity to identify the weakness inherent in its system and implement recommendations made to mitigate them. Help to obtain an insight regarding the loopholes and weaknesses inherent in a given system. Having at the back of our minds that "opportunity makes a thief" (Francis Bacon 16th century)

- Provide better understanding of the various dimensions of the corruption problems, the major institutions and systems involved.

IMPACT OF SYSTEM STUDY AND REVIEW

- Grand Corruption causes poverty and in line with SDGs, SSR have uncovered diverted public funds and resources allocated to alleviate poverty – Funds for rural and urban roads, schools, health centers, boreholes are traced and recovered.

❑ Helps to avoid embarrassment/ harassment from Anti- Corruption Agencies and Improved public image of the organisation.

CONCLUSION

❑System Study and Review is the in-depth assessment of the various governance systems and procedures to determine areas most vulnerable to corruption with the view to making recommendations on how to seal corruption loopholes and promote accountability.

❑Effort to review should take cognizance of modern trends especially computerization/automation as it provides ample room to reduce opportunity for corruption by reducing face-to-face contact between service providers and recipients while at the same time taking advantage of speed and accuracy in transaction.

❑The strategy is a viable tool in prosecuting the current war against corruption.

If you are walking down the right path and you are willing to keep walking, eventually you will progress"*(Barack Obama)*"

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