

TRANSPARENCY INSTITUTE GUYANA INC.

Models of Anti-Corruption: The Guyana
Experience

Cayman Islands

21 March 2014

PRESENTATION POINTS

- Introduction
- Inter-American Convention Against Corruption
- Conflicts of interest
- Declarations of assets/liabilities
- Public procurement
- Revenue collection and control
- Whistleblower protection and anti-corruption efforts
- Establishment of oversight bodies
- Compensation and probity in the Public Service
- Anti-money laundering legislation
- Conclusions and recommendations

INTRODUCTION

- Transparency Institute Guyana Inc. promotes good governance, transparency and accountability, and assists in the fight against corruption
- Affiliate of Transparency International
- Sensitizing the public about the adverse effects of corruption and what they can do it.
- Mission: To assist in reducing corruption through education; awareness; research; and action, in partnership with the Government and civil society

INTER-AMERICAN CONVENTION AGAINST CORRUPTION

- Came into existence in 1996
- Guyana ratified the Convention in 2000.
- To date, the OAS carried out three reviews to assess Guyana's compliance with the Convention
- TIGI participated in the current review and met with the OAS team in Guyana and in Washington D.C.
- Guyana also ratified the UN Convention Against Corruption in 2008

CONFLICTS OF INTEREST

Procurement Act

- Prohibits divulging confidential information and offering/receiving inducement. Disclosure of interest in the bidding process.
- Minister of Finance appoints members of National Tender Board with reporting relations to him. However, he is a key member of Cabinet that offers no objection to contracts proposed by the Tender Board.
- No evidence of Cabinet objections but widespread dissatisfaction in the award of contracts.

Recommendation: The Public Procurement Commission should appoint members of the Tender Board

CONFLICTS OF INTEREST cont'd

Fiscal Management and Accountability Act

- Budget agencies responsible for ensuring adequate internal controls, including internal audit. However, no organised system of internal audit in place.
- Minister of Finance required to promulgate accounting standards but none in place. Accounting and financial reporting system need to be modernised and to reflect international best practice.

Recommendation: Adopt International Public Sector Accounting Standards. Introduce internal audit at larger Ministries

CONFLICTS OF INTEREST cont'd

Audit Office

- Finance Ministry official responsible for preparation and certification of the public accounts and the Audit Office is responsible for auditing and reporting on them.
- The official's spouse is the only qualified accountant among senior management responsible for auditing the public accounts. Official also is chair of a state company shrouded in controversy and his spouse oversees the audit of this entity.

Recommendation: Prohibit close family relations between those responsible for preparing and certifying the public accounts and those responsible for auditing them.

DECLARATION OF ASSETS/LIABILITIES

- Integrity Commission set up in 1997 to secure the integrity of persons in public life through annual declarations of assets/liabilities.
- Chairman resigned in 2006. Since then no meetings and no Commissioners in place.
- No requirement for public declarations of assets/liabilities

Recommendation: Appoint members of the Integrity Commission with appropriate expertise; provide Commission with adequate resources; and require public declarations of assets/liabilities for certain persons e.g. Ministers and MPs.

PUBLIC PROCUREMENT

- Constitution amended in 2001 to provide for Public Procurement Commission to oversee the award of contracts to ensure fairness, transparency and cost effectiveness. Cabinet's involvement to cease or to progressively phase out.
- After 13 years, the Commission is yet to be established. Bitter dispute over Cabinet's involvement.

Recommendation: Establish the Public Procurement Commission and resolve dispute over Cabinet's involvement

REVENUE COLLECTION AND CONTROL

- State company collecting and retaining proceeds from sale of State assets, dividends etc., and using them to meet expenditure without Parliamentary approval.
- Constitution requires all public revenues to be paid over to the Treasury and all expenditure to be approved by Parliament.
- Government's share of proceeds from lottery also not paid over to the Treasury

Recommendation: Strictly observe the constitutional provision for all state revenues to be paid over to the Treasury.

WHISTLEBLOWER PROTECTION AND ANTI-CORRUPTION EFFORTS

- No protection for persons willing to report fraud, acts of corruption, and mismanagement in the use of public resources.
- According to the US State Department, corruption is a serious problem in Guyana.

Recommendation: Introduce whistleblowers' protection legislation, and establish anti-corruption agency

ESTABLISHMENT OF OVERSIGHT BODIES

- Modern legislation in the form of the Audit Act 2004 to provide for independence from the Executive and enhance operational capability
- However, Audit Office lacks suitably qualified and trained personnel at senior level, and is not perceived as independent as it should be.

Recommendation: Recruit professionally qualified and trained persons for senior positions in the Audit Office and take practical measures to enhance its independence

ESTABLISHMENT OF OVERSIGHT BODIES

cont'd

- Public Accounts Committee's role to examine the public accounts and all other accounts laid before the National Assembly. However, only public accounts being examined .
- Auditor General's reports used as reference point. But reports have significant gaps and superficial treatment of important issues.
- *Recommendation: Extend Public Accounts Committee examination to all public enterprises and statutory bodies, and to other areas not covered/inadequately covered by the Audit Office.*

COMPENSATION AND PROBITY IN PUBLIC SERVICE

- 20% of staff employed on contractual basis with superior compensation packages No transparency in their recruitment, and the Public service Commission not involved.
- Several senior officers serving beyond retirement age on contractual basis
- No Appellate Tribunal since 1995

Recommendation: Unify system of pay and grades; severely restrict the use of contracted employees; and involve the Public Service Commission in all public hiring.

ANTI-MONEY LAUNDERING LEGISLATION

- Guyana became member of Caribbean Financial Action Task Force in 2002
- First evaluation report highlighted absence of legislation on money laundering
- Legislation passed in 2009 but third evaluation report very critical of it, especially as regards the Financial Intelligence Unit

ANTI-MONEY LAUNDERING LEGISLATION cont'd

- Faced with threats of sanctions, amendments tabled in the National Assembly.
- Bitter dispute over contents resulting in amendments not yet passed
- *Recommendation: Find compromise solution to address the deficiencies in the legislation on money laundering and amend the legislation accordingly*

CONCLUSIONS AND RECOMMENDATIONS

While some efforts have been made to comply with the requirements of IACAC, a lot more needs to be done.

List of recommendations

- Members of the National Tender Board to be appointed by the Public Procurement Commission with reporting relations to it
- Adopt International Public Sector Accounting Standards for the operations of Government, and introduce internal audit at larger Ministries

CONCLUSIONS AND RECOMMENDATIONS

cont'd

- Prohibit having close family relations between those responsible for preparing and certifying the public accounts and those responsible for auditing them
- Appoint members the Integrity Commission with appropriate expertise; provide Commission with adequate resources; and require public declarations of assets/liabilities for certain persons e.g. Ministers, members of Parliament.
- Establish the Public Procurement Commission and resolve dispute over Cabinet's involvement

CONCLUSIONS AND RECOMMENDATIONS

cont'd

- Strictly observe the constitutional provision for all state revenues to be paid over to the Treasury.
- Introduce whistleblowers protection legislation, and establish anti-corruption agency
- Recruit professionally qualified and trained persons for senior positions in the Audit Office and take practical measures to enhance its independence

CONCLUSIONS AND RECOMMENDATIONS

cont'd

- Extend Public Accounts Committee examination to all public enterprises and statutory bodies, and to other areas not covered/inadequately covered by the Audit Office.
- Unify system of pay and grades; severely restrict the use of contracted employees; and involve the Public Service Commission in all public hiring.
- Find compromise solution to address the deficiencies in the legislation on money laundering and amend the legislation accordingly