OECD Public Governance Reviews

OECD Integrity Review of Nuevo León, Mexico

SUSTAINING INTEGRITY REFORMS



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Foreword

The State of Nuevo León is the third-largest economy in Mexico, contributing 7.3% of national GDP in 2016. However, as shown in surveys from institutions such as the National Institute for Statistics and Geography (INEGI) and from civil society, there is a high public perception of corruption, which is considered very frequent both at the state (53-54%) and the municipal levels (46%-49%). Nuevo León is therefore seeking to build a sustainable and resilient public integrity system. To this end, the state created a Local Anti-corruption System in 2017 (*Sistema Estatal Anticorrupción para el Estado de Nuevo León,* or SEANL) to implement, at the local level, Mexico's National Anti-corruption System (*Sistema Nacional Anticorrupción*, or SNAC).

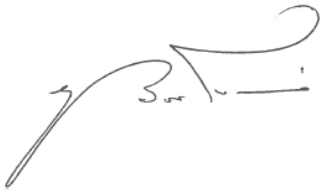
This Review assesses the main features of the public integrity system in Nuevo León, benchmarking it with the *OECD Recommendation of the Council on Public Integrity* and international good practices. It also provides recommendations and an action plan to leverage ongoing reforms in a sustainable and strategic manner. In particular, the Review analyses Nuevo León's integrity framework and initiatives to build a culture of integrity in the public administration, as well as mechanisms for providing public officials advice and guidance when they are confronted with integrity-related questions and dilemmas. It also discusses the strengths and weaknesses of the internal control and risk management framework and considers whether Nuevo León's integrity reforms advance a whole-of-society approach to integrity by effectively engaging citizens and the private sector.

The State Government of Nuevo León has taken concrete actions to demonstrate its commitment to enhancing public integrity. The multistakeholder Council for Strategic Planning of Nuevo León, established in 2013, has set anti-corruption and integrity-related strategic objectives. An ambitious awareness-raising programme for public officials began in 2016 and led to a network of "Agents of Change" (*agentes de cambio*) within the public administration. The Citizen Participation Committee will play a prominent role in the SEANL, with three of its representatives participating in the Co-ordination Committee, which is the governing body of the SEANL. In addition, Nuevo León adopted a dedicated Whistle-blower Protection Law in 2013, unique in Mexico, to promote the reporting of corrupt conduct by public officials. Further efforts are nevertheless needed to increase trust in Nuevo León's capacity to prevent and tackle corruption. These efforts would include establishing effective mechanisms for co-ordination among government levels; reviewing the integrity framework to promote a culture of integrity both within the public sector and more broadly across society; and ensuring accountability through a stronger internal control and risk management framework.

This Review was undertaken by the OECD Public Governance Directorate and is part of a series of OECD integrity reviews conducted at the state level in Mexico. The active engagement of sub-national governments is critical for maximising the impact of Mexico's National Anti-corruption System, which includes co-ordination mechanisms to

ensure a consistent application of the system and its policies at state level. It is also critical to build trust in public institutions and improve the quality of public services.

The *OECD Integrity Review of Nuevo León, Mexico* provides an Action Plan to address the ongoing challenges in creating a sustainable public integrity system in the state, assigning concrete actions, responsibilities and timelines for carrying out its recommendations. By monitoring the Action Plan, the OECD will provide Nuevo León continuous advice and support, helping it to maximise the impact of its integrity efforts and achieve its strategic vision of becoming "the best place to live".



Marcos Bonturi

Director

OECD Public Governance Directorate

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This review is part of a series of governance reviews in OECD and G20 countries. It is also part of a series of sub-national reviews in Mexico to advance good governance and public integrity. The review benefited from inputs provided by senior officials from Nuevo Leon´s Office of the Comptroller for Government Transparency, business chambers, civil society organisations, and different ministries of the government of Nuevo León.

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Executive summary

The Local Anti-corruption System of Nuevo León (*Sistema Estatal Anticorrupción para el Estado de Nuevo León*, or SEANL), established in 2017, was created to implement the national anti-corruption reform launched in 2015 to ensure co-ordination and coherence among anti-corruption and integrity policies, institutions and initiatives at all levels of government in Mexico. This review provides an assessment of Nuevo León's public integrity system, focusing on three main areas: building a strategic public integrity system, enhancing the culture of integrity in the public sector and improving internal control and risk management.

Leveraging the Local Anti-corruption System to build a strategic public integrity system

Nuevo León has based its integrity system on Mexico's National Anti-corruption System (*Sistema Nacional Anticorrupción*, or SNAC), while adopting a more ambitious approach regarding citizen involvement and the possibility for the SEANL to issue binding recommendations. However, further efforts are necessary to ensure the engagement and contribution of all relevant actors in the state, including its municipalities, and to mainstream integrity policies throughout public entities.

The State Government of Nuevo León has created a mechanism for the strategic planning and evaluation of its activities. This is led by the *Consejo Nuevo León para la Planeación Estratégica*, or Nuevo León Council, a public body bringing together government officials, representatives of civil society and university deans to advance the sustainable development of the state beyond the limited timeframes of political terms of office. While Nuevo León's Council identified "effective and transparent government" as one of its main priorities, the strategy to prevent corruption could be enhanced by promoting close collaboration among the institutions being part of the SEANL and of the National Anti-corruption System, as well as the Nuevo León Council, to align the state's strategic and development plans with the national anti-corruption policy.

Enhancing a culture of integrity in the public sector and beyond

Nuevo León's integrity framework consists of values, principles and rules enshrined in various instruments, including an Ethics Code developed with stakeholder participation and adopted in 2016. However, the code could be revised taking a more balanced approach, ensuring that ethics and conflict-of-interest rules are clearly explained and consistently enforced. Specific guidelines are needed to assist public officials in dealing with ethical dilemmas and conflicts of interest, and to properly address at-risk areas. In October 2016, Nuevo León initiated an ambitious awareness-raising and training strategy carried out by a network of "Agents of Change". The aim was to improve public officials' knowledge of integrity rules and values and ensure that these rules were implemented. While this initiative is the first step toward creating a culture of integrity in the public

administration, an interim evaluation would enhance the remaining phases of the strategy. Areas to address could include identifying specific positions at risk for corruption, taking into consideration insights from behavioural science, reaching out to municipalities and using scenarios based on real cases when instructing public officials.

Nuevo León could also benefit by creating the conditions for an open organisational culture. For example, clear channels could be established to provide advice to public officials confronted with integrity-related dilemmas. Senior officials could also be assigned specific responsibilities for demonstrating ethical leadership and commitment. The Whistle-blower Protection Law, adopted in 2013, is a step towards supporting an open organisational culture by providing a dedicated framework of protection. It is also unique in Mexico: no other federal state, not even the Federal Government, has developed such a law. However, some aspects of the legal framework could be improved, such as ensuring the availability of internal and external channels for disclosing corruption, guaranteeing the confidentiality and security of whistle-blowers' information, and defining and clarifying the process for seeking protection against reprisal.

The Government of Nuevo León is aware of the integrity challenges and is partnering with firms and civil society to promote a culture of integrity through the State Council for the Promotion of Values and Culture of Legality (*Consejo Estatal para la Promoción de los Valores y la Cultura de la Legalidad)*. It is also organising several awareness-raising campaigns to inform public officials, citizens and civil society organisations about ongoing initiatives to fight corruption. However, government efforts to engage the private sector and civil society could be better co-ordinated by defining an action plan that identifies desired objectives, core outputs, target audiences and the key partners. The Ministry of Education, in partnership with other government entities, has made considerable progress in developing materials to cultivate a culture of integrity in future generations, together with the State Institute for Youth. Nonetheless, it could consider extending the scope of the existing education materials on the rule of law, public integrity and anti-corruption and incorporating them into the core curriculum.

Ensuring accountability through an improved internal control and risk management framework

Nuevo León has incorporated a number of elements of an internal control and risk management system in its normative framework, such as on managing risks, ensuring integrity and transparency, and has strengthened processes for achieving objectives and preventing corruption. However, more needs to be done to integrate an internal control and risk management framework into day-to-day management. A strategic risk management system would help achieve this by giving operational officials ownership over the management of risk, establishing coherent internal control mechanisms, and strengthening the autonomy of the internal audit function. Furthermore, Nuevo León could ensure the implementation of its internal control and risk management framework by expanding training and professionalisation programmes, and encouraging all staff members to contribute to improving the organisation's integrity and its resistance to corruption. Enforcement and disciplinary procedures should also be transparent and equally and consistently applied to everyone.

Abbreviations and acronyms

APS	Australian Public Service
ASENL	Superior Audit Office of the State of Nuevo León (*Auditoría Superior del Estado de Nuevo León*, or ASENL
BAK	Bureau of Anti-corruption of Austria
BIT	Behavioral Insights Team, United Kingdom
CAD	Canadian dollar
CAN	High-level Anti-corruption Commission (*Comisión Alto-nivel de Anti-corrupción*)
CEPVCL	Council to Promote the Values and Culture of Legality of the State (*Consejo Estatal para la Promoción de Valores y Cultura de la Legalidad*)
CIDE	Center for Research and Teaching in Economics (*Centro de Investigación y Docencia Económicas*
COIPISA	Preparatory Council for the Implementation of the Anti-corruption System (*Consejo Interinstitucional Preparatorio para la Implementación del Sistema Anticorrupción*)
CRA	Regional anti-corruption commission in Peru
CRD	Community Relations Department, Hong Kong
CTAIENL	Transparency and Access to Information Commission of Nuevo León (*Comisión de Transparencia y Acceso a la Información del Estado de Nuevo León*
EAP	School of Public Administration of Mexico City (*Escuela de Administración Pública de la Ciudad de México*)
EAST	Easy, attractive, social and timely
EUR	euro
GAO	Government Accountability Office, United States
GDP	Gross domestic product
GSA	Government Services Administration, United States
HCS	Head of Civil Service in Poland
HRM	Human resources management
ICAC	Independent Commission against Corruption, Hong Kong

INEGI	National Institute for Statistics and Geography (*Instituto Nacional de Estadística y Geografía*)
INTOSAI	International Organization of Supreme Audit Institutions
IRS	Inland Revenue Service of the United States
ISSAI	International Standards of Supreme Audit Institutions
ITESM	Superior Technological Institute of Monterrey (*Instituto Tecnológico Superior de Monterrey*)
KNAB	Corruption Prevention and Combating Bureau of Latvia
KRW	Korean won
LAACS	Law on Procurement, Leases and Contracting Services of the State of Nuevo León (*Ley de Adquisiciones, Arrendamientos y Contratación de Servicios del Estado De Nuevo León*
LGRA	General Law of Administrative Responsibilities *(Ley General de Responsabilidades Administrativas*
LRA	The Law on Administrative Responsibilities of Mexico (*Ley de Responsabilidades Administrativas de la Ciudad de México*)
LRSPEMNL	Law of Responsibilities of Public Servants of the State and Municipalities of Nuevo León (*Ley de Responsabilidades de los Servidores Públicos del Estado y Municipios de Nuevo León*)
MAF	Management Accountability Framework
MDC	Modern Didactics Center, Lithuania
MXN	Mexican peso
OAG	Office of the Auditor-General of British Columbia
OECD	Organisation for Economic Co-operation and Development
OGE	U.S. Office of Government Ethics
PAACI	Annual Audit and Internal Control Programme (*Programa Anual de Auditoría y Control Interno*)
PSDSPA	Public Servants Disclosure Protection Act of Canada
PNCE	National School Co-existence Programme (*Programa Nacional de Convivencia Escolar)*
SAI	Supreme audit institution
SAT	Tax Revenue Agency (*Sistema de Administración Tributaria*)
SCJN	Supreme Court of Justice (*Suprema Corte de Justicia de la Nación*)
SEANL	Nuevo León Anti-corruption System (*Sistema Estatal Anticorrupción para el Estado de Nuevo León*)
SEP	Ministry of Public Education (*Secretaría de la Educación Pública*)

SFP	Ministry of Public Administration (*Secretaría de la Función Pública*)
Sipppres	Planning, Programming and Budgeting System (*Sistema Integral de Planeación, Programación y Presupuestación*)
SIS	Special Investigation Service, Lithuania
SLAC	Local Anti-corruption System (*Sistema Local Anticorrupción*)
SLAC-CDMX	Local Anti-corruption System (*Sistema Local Anticorrupción de Ciudad de México)*
SNAC	National Anti-corruption System (*Sistema Nacional Anticorrupción*)
TBS	Treasury Board of Canada Secretariat
UDEM	University of Monterrey (*Universidad de Monterrey*)
UEEPPCI	Unit Specialised in Ethics and Conflict of Interest Prevention (*Unidad de Ética, Integridad Pública y Prevención de Conflictos de Interés*)
UNAM	National Autonomous University of Mexico (*Universidad Nacional Autónoma de México*)
UNODC	United Nations Office on Drugs and Crime
USD	United States dollar

Chapter 1. Building a coherent and comprehensive public integrity system in Nuevo León

This chapter considers the framework of Nuevo León's public integrity system and how well it is aligned with the first pillar of the OECD Recommendation of the Council on Public Integrity *on building a coherent and comprehensive public integrity system. Nuevo León's Local Anti-corruption System offers an invaluable opportunity to encourage coherence and consistency among the different policies, measures and initiatives of the relevant actors, both in Nuevo León, and in the country as a whole. The chapter notes that Nuevo León has based its integrity system on the model established at the federal level, but also suggests that further efforts are needed to engage all relevant actors in the state – including municipalities. In addition, at the level of government entities, integrity policies and practices need to be implemented and mainstreamed. Furthermore, political and managerial leadership is needed to model public integrity and reduce corruption by ensuring sustained support for the system and its mechanisms for citizen participation.*

1.1. Introduction

Setting clear, co-ordinated responsibilities for institutions involved in preventing and curbing corruption is a fundamental prerequisite for creating a coherent, comprehensive public integrity system. This need has become all the more acute given the increasing number of actors and institutions involved in shaping and managing integrity policy within government at all levels, both in Mexico and in other countries. The effectiveness of the integrity system clearly depends on institutional co-ordination, and on how stakeholders deal with the potential gaps and overlaps that can undermine integrity policies.

This chapter assesses the current state of the integrity system in Nuevo León, examining issues related to co-ordination, implementation and high-level commitment. It takes as its model the theoretical framework provided by the *OECD Recommendation of the Council on Public Integrity* (OECD, 2017[1]), as well as experience and best practices from other countries. Special emphasis is placed on analysing the Local Anti-corruption System that Nuevo León established in 2017, as a consequence of the broader federal anti-corruption reform initiated in 2015 to co-ordinate all the institutions in charge of preventing, detecting and sanctioning corruption across all levels of government (Box 1.1).

Box 1.1. Mexico's national anti-corruption reform

On 27 May 2015, Mexico's Federal Official Gazette published a Decree under which several provisions of the Constitution were amended, added or repealed (specifically, Articles 22, 28, 41, 73, 74, 76, 79, 104, 108, 109, 113, 114, 116 and 122). This reform first enshrined the National Anti-corruption System (*Sistema Nacional Anticorrupción*, or SNAC) into law and set in motion the debates around and the eventual passage of the secondary legislation necessary to establish the integrity system. Just over a year later, on 18 July 2016, these secondary laws were promulgated by decree (*Decreto por el que se expide la Ley General del Sistema Nacional Anticorrupción; la Ley General de Responsabilidades Administrativas, y la Ley Orgánica del Tribunal Federal de Justicia Administrativa*) and included:

The General Law of the National Anti-corruption System (*Ley General del Sistema Nacional Anticorrupción*): This is the cornerstone legislation, which establishes the institutional and governance arrangements for the SNAC, and outlines objectives and required activities. Given its status as a General Law, it requires Mexico's federal states to set up their own systems along similar lines. The law also requires certain information to be published and made available to the public on a newly created Digital Platform (*Plataforma Digital Nacional del Sistema Nacional*).

The Organic Law of the Federal Tribunal of Administrative Justice (*Ley Orgánica del Tribunal Federal de Justicia Administrativa*): The institution was made autonomous under the Constitutional Reform of 2015, and this new law established the organisation of the Tribunal and its courts, including regional courts. The Law also sets out rules for the selection and removal of magistrates.

The General Law of Administrative Responsibilities (*Ley General de Responsabilidades Administrativas*): This is a new law that replaced the Federal Law of Administrative Responsibilities when it expired in July 2017. The new law lays out the duties and responsibilities of public officials (including the disclosure of private interests) and sets out administrative disciplinary procedures for misconduct, differentiating between less serious and serious offences, which may now fall under the jurisdiction of the Federal Tribunal of Administrative Justice. Notably, it also expands liability for alleged integrity breaches to natural and legal persons.

Source: (OECD, 2017[2]).

1.2. Building an inclusive integrity system in Nuevo León

1.2.1. The governing bodies of the Anti-corruption System of Nuevo León should ensure the involvement of all institutions dealing with centre-of-government co-ordination and integrity-related topics in the executive branch.

The experience of OECD countries shows a high degree of diversity in the way countries organise their public integrity systems. In many instances, responsibilities are shared between one or more institutions. Managing public integrity is a whole-of-government responsibility involving many organisations in the public sector, as indicated by the 2016 OECD Survey on Public Sector Integrity (Table 1.1). This shows that a decentralised approach prevails, and that individual line ministries within the executive branch are often responsible for designing and leading the core integrity policies (that is, integrity rules and codes of conduct; policies for the management of conflict of interest; the transparency of lobbying activities; and internal control and risk management). The same applies to the design of a country's national integrity or anti-corruption strategy; although in such instances, centres of government in the executive branch sometimes take the lead (Table 1.1). This situation creates the risk of duplication and overlap, threatening the effectiveness of integrity policies and the integrity system as a whole. As the OECD Recommendation (OECD, 2017[1]) makes explicit, it is essential to establish mechanisms for horizontal and vertical co-operation between all relevant actors within the executive "through formal or informal means, to support coherence and avoid overlap and gaps, and to share and build on lessons learned from good practices."

Table 1.1. Institutions responsible for the design of integrity system policies

	Design of integrity policies related to:						
	Design of the national integrity and/or anti-corruption strategy	Code of conduct /ethics for civil servants	Conflicts of interest of civil servants	Whistle-blowing	Lobbying	Financing of political parties and campaigns	Internal audit and control in the executive branch
Australia	▲	●	●	●	●	●	●
Austria	▲♦	●▲	▲	●▲	▲	●	▲■
Belgium	●▲	▲	▲	▲■	▲	▲	▲■
Canada	●▲	●▲	●▲	●■	●■	■	●▲
Chile	▲■	▲	■	▲■	■	■	●▲
Czech Republic	▲	▲	▲	▲	▲	▲■	▲■
Estonia	▲	-	▲	▲	▲-	-	■
Finland	▲	▲♦	▲	▲	□	▲■	▲
France	▲	▲■	▲■-	▲	▲■	▲■	▲■♦
Germany	▲	▲	▲	▲	▲	▲	▲■
Greece	▲	▲	▲	▲	▲	▲	●▲■
Hungary	▲	■	●▲	■	▲	▲■	▲
Iceland	●▲	●	●■	●▲	●▲	▲■	▲
Ireland	□	-	▲	▲	▲	▲	-
Italy	■	▲■	■	▲■	-	-	▲■-
Japan	●■	●▲■	●■	■	□	-	▲
Korea	▲■	▲	▲	▲	▲	■	■
Latvia	■	●	■	●	■	■	▲
Mexico	■	▲	▲	▲	■	■	▲■

Netherlands	▲	▲	▲	■	▲	▲	▲
New Zealand	●▲	●▲■	●▲■	●▲■	●■	●▲■	●▲■
Norway	□	▲	▲	▲	▲	▲	▲
Poland	▲	●	□	▲	●	■	▲
Portugal	■	■	■	■	□	■	▲
Slovak Republic	▲	▲	●▲	▲	□	▲	●▲■
Slovenia	●▲■	●▲■	●▲■	▲■	▲■	▲	▲
Spain	●▲	●▲	●▲	□	●▲	●▲	●▲
Sweden	-	-	-	-	□	-	-
Switzerland	▲■♦	▲	▲	▲■	●	●	▲■
United Kingdom	●♦	●	●	●	●	■	●■
United States	□	▲	▲	▲	●▲ -	▲■	●▲■
OECD Total							
● Centre of government	8	11	10	7	9	5	9
▲ Ministry or unit within a ministry	21	21	21	21	16	16	25
■ Autonomous body	9	7	9	11	7	15	15
♦Inter-institutional committee	3	1	0	0	0	0	1
□ N/A	3	0	1	1	5	0	0
Others	1	3	2	1	3	4	3
Argentina	▲	▲	▲	▲	▲	▲	▲
Brazil	●	▲	▲	□	□	■	▲
Colombia	●▲■	■	▲	■	●	■	●▲■
Costa Rica	●	▲	▲■	▲■	□	■	♦
Lithuania	●■♦	●	■	□	■	■♦	▲ -
Peru	♦	●	●	●■♦	♦	■♦	■

Note: Data on Argentina, Brazil and Peru were included on an *ad hoc* basis. The full range of policies in the US integrity system are developed and carried out by separate agencies and entities with subject- or branch-specific jurisdictions.
Source: (OECD, 2017[3]).

In Nuevo León, several institutions are responsible for preventing and detecting corruption. A key role is played by the Office of the Comptroller and Governmental Transparency (*Contraloría y Transparencia Gubernamental*, or Comptroller's Office), the Superior Audit Office of the State of Nuevo León (*Auditoría Superior del Estado de Nuevo León*, or ASENL), the Transparency and Access to Information Commission of Nuevo León (*Comisión de Transparencia y Acceso a la Información del Estado de Nuevo León*, or CTAIENL), as well as the Administrative Justice Tribunal (*Tribunal de Justicia Administrativa*) and the Specialised Anti-corruption Prosecutor (*Fiscalía Especializada en Combate a la Corrupción*) (Box 1.2).

Box 1.2. Key actors in Nuevo León's integrity system

The **Office of the Comptroller and Governmental Transparency** (*Contraloría y Transparencia Gubernamental*) is the ministry responsible for promoting the best practices of internal control. It guides the government in how to ensure the legality, honesty, responsibility and efficiency of public officials as they exercise their duties, as well as on the transparency and quality of services offered by government entities. Its legal framework under the Organic Law of the Public Administration of Nuevo León (*Ley Orgánica de la Administración Pública para el Estado de Nuevo León*) and the Internal Regulation of the Office of the Comptroller and Governmental Transparency (*Reglamento Interior de la Contraloría y Transparencia Gubernamental*) gives the Comptroller-General authority over the executive and the entities of the state public administration, but not over municipalities. However, it is permitted to intervene at the municipal level on state public expenditure and federal public expenditure transfers.

As illustrated in the table below, the Office of the Comptroller and Governmental Transparency has different Directorates that draft and implement integrity policies in public sector activities: the Anti-corruption Unit (*Unidad Anticorrupción*), the Legal Directorate (*Dirección Juridica*), the Directorate of Internal Control Bodies and Supervision (*Dirección de Organos de Control Interno y Vigilancia*), the Directorate of Control and Audit of the Executive (*Dirección de Control y Auditoria del Sector Central*), the Directorate of Control and Audit of the Parastatal Sector (*Dirección de Control y Auditoria del Sector Paraestatal*), the Directorate of Public-works Control and Audit (*Dirección de Control y de Auditoria de Obra Pública*) and the Directorate of Government Transparency (*Dirección de Transparencia Gubernamental*).

Table 1.2. Integrity policy design and implementation by the Office of the Comptroller and Governmental Transparency

Designing policy	Carrying out policy
Directorate of Control and Audit of the Central Sector	Legal Directorate
Directorate of Control and Audit of the Parastatal Sector	Anti-corruption Unit
Directorate of Public-works Control and Audit	Directorate of Internal Control Bodies and Supervision
Directorate of Government Transparency and Quality	

The **Superior Audit Office of the State of Nuevo León** (*Auditoría Superior del Estado de Nuevo León*, ASENL) is a technical government oversight and control agency. It is auxiliary to the State Congress in reviewing the public accounts presented by audited subjects, and has technical and management autonomy. It can also determine its internal organisation, operation, budgetary exercise and issue resolutions, in accordance with the provisions of the Law of Superior Audit of the State of Nuevo León (*Ley de Fiscalización Superior del Estado de Nuevo León*).

The **Transparency and Access to Information Commission of Nuevo León** (*Comisión de Transparencia y Acceso a la Información del Estado de Nuevo León*, CTAIENL) is responsible for promoting transparency and accountability in the state government. It is bound by rules that set the criteria to be used by institutions to determine whether the information they have is classified or confidential. It declassifies and creates public versions of files or documents, parts of which may be classified, as applicable.

The **Administrative Justice Tribunal** (*Tribunal de Justicia Administrativa*) and the **Specialised Anti-corruption Prosecutor** (*Fiscalía Especializada en Combate a la Corrupción*) are responsible for imposing penalties for breaches of the integrity rules. The Tribunal has jurisdiction over serious administrative offences and acts of corruption, and the Prosecutor is responsible for investigating and prosecuting corruption cases involving public servants and individuals. It also supervises and organises the work of prosecutors, investigators and experts in the Public Prosecutor's Office (*Ministerio Público*). The Specialised Anti-corruption Prosecutor will also investigate *ex officio*, and if required, prosecute potential acts of corruption.

Source: Answers to questionnaire by the government of Nuevo León (2017).

After the Constitutional reform of 2015 and the secondary laws adopted in July 2016 (Box 1.1), all Mexican states were required to establish their own Local Anti-corruption System (*Sistema Local Anticorrupción*, or SLAC), on the model established at the federal level. The goal was to improve horizontal co-ordination among state-level institutions, as well as to encourage vertical co-ordination with federal and municipal authorities. Nuevo León first introduced the necessary constitutional changes in December 2016, and then adopted the Local Anti-corruption System Law (*Ley del Sistema Estatal Anticorrupción para el Estado de Nuevo León*, or SEANL Law) in July 2017, detailing the composition, roles and process governing Nuevo León's Anti-corruption System (*Sistema Estatal Anticorrupción para el Estado de Nuevo León*, or SEANL) (Table 1.3).

Table 1.3. Governance and responsibilities of the SEANL

Entities	Members	Main tasks
Co-ordination Committee	President: member of Citizen Participation Committee Members: Three members of the Citizen Participation Committee (one of whom is president), Comptroller- General, Auditor of Superior Audit Office of the State of Nuevo León, President of Transparency and Access to Information Commission of Nuevo León, Specialised Anti-corruption Prosecutor, Magistrate of Nuevo León's Administrative Justice Tribunal and a representative of Nuevo León's Judicial Council	Establishes basis, policies, principles and procedures for effective co-ordination among members
Executive Secretariat to the Co-ordination Committee, which includes: - *Technical Secretary* - *Executive Commission*	Technical support body to the Co-ordination Committee led by the President of the Citizen Committee. Its governing body is made up of members of the Co-ordination Committee. Elected by the Governing Board members of the Executive Secretariat by qualified majority (five votes), among people with profiles similar to members of the Citizen Participation Committee Technical Secretary and Citizen Participation Committee (with the exception of its president)	Provides technical support to the Co-ordination Committee, and input for the performance of its tasks. Manages the Executive Secretariat. Provides technical input to support the Co-ordination Committee activities and responsibilities, including proposals to be approved
Citizen Participation Committee	Five reputable representatives of civil society who have made outstanding contributions to transparency, accountability or the fight against corruption. They are chosen by a Selection Commission of nine experts chosen by the Congress of Nuevo León for a period of three years.	Supports the objectives of the Co-ordination Committee and creates a link with relevant groups from civil society and academic entities
State entities taking part in the National Auditing System	ASENL, Comptroller-General, internal and external auditing entities and units of municipalities	Establishes actions and co-ordination mechanisms among members to support the exchange of information, ideas and experiences, to improve the development of the audit of public resources
Representatives of public entities	State-level public entities	Undefined

Source: Nuevo León Constitution (*Constitución Política del Estado Libre y Soberano de Nuevo León*) and Nuevo León Anti-corruption System Law (*Ley del Sistema Estatal Anticorrupción para el Estado de Nuevo León*).

From a formal perspective, Nuevo León has satisfactorily instituted the anti-corruption system at the local level. This has been confirmed by a project monitoring the process in all federal states known as "Anti-corruption Traffic Light". This acknowledged the satisfactory level of implementation in Nuevo León both under the 2016 Constitutional reform and under the 2017 Anti-corruption System Law (IMCO, n.d.[4]). This is also reflected in the first round of appointments under the Law, including the nomination of the Selection Committee in November 2017 and the Special Anti-corruption Prosecutor in March 2018. However, as of June 2018, most of the governing bodies of the SEANL (i.e. the Citizen Participation Committee, the Co-ordination Committee and the Executive Secretariat) have not yet begun to operate. The "Anti-corruption Traffic Light" also notes a few areas that have not yet been addressed by the Constitutional reform. These include, in particular, the role and tasks of the Superior Audit Office, as well as the degree of independence of the Specialised Anti-corruption Prosecutor from the executive branch. Interviews with representatives of civil society confirmed that the system was implemented satisfactorily, in some cases exceeding the national model, for example in

providing for the participation of three members of the Citizen Participation Committee (rather than one) in the Co-ordination Committee. These interviews suggest that the legislative process benefited from the work of a coalition of civil society organisations, which positively reflects the openness of the legislative branch to discuss and include its contribution into the final texts.

More generally, the institutional arrangements in the SEANL – which reflects the model established at the federal level and much of the input proposed by civil society – ensures that most of the institutions involved in the prevention, detection and enforcement of corruption take part in the system, and that civil society is granted a prominent role in its functioning and monitoring. The composition of the Co-ordination Committee reflects such effort by including three members of the Citizen Participation Committee, the Comptroller's Office, the Auditor of Superior Audit Office of the State of Nuevo León, the President of Transparency and Access to Information Commission of Nuevo León, the Specialised Anti-corruption Prosecutor, the Magistrate of Nuevo León's Administrative Justice Tribunal and a representative from Nuevo León's Judicial Council.

The design of the SEANL represents progress toward building a co-ordinated integrity system among the relevant actors in Nuevo León, and it is also set to promote alignment and synergies with other areas essential to integrity, such as audit and transparency. First, the SEANL lists among its members the "State entities taking part in the National Auditing System". Nuevo León's Anti-corruption System Law dedicates a whole section to setting up mechanisms to ensure participation of the SEANL in the National Auditing System (*Sistema Nacional de Fiscalización*), and to ensure coherence between those two systems. Second, the presence of the CTAIENL in the Co-ordination Committee will help to ensure that the SEANL addresses issues and priorities in the realm of transparency. Lastly, the participation of the Specialised Anti-corruption Prosecutor and the Magistrate of the Administrative Tribunal ensures co-ordination and consistency in enforcing the new integrity rules and criminal provisions.

Despite these developments, one of the challenges of Nuevo León's integrity system is taking a whole-of-government approach to integrity and ensuring that other entities in the government contribute to and benefit from integrity policies drafted under the SEANL. The governing bodies of the SEANL could introduce mechanisms to include entities in the executive branch with key responsibilities for building a coherent, comprehensive integrity system, namely:

- The Executive Agency for Co-ordination of the State's Public Administration (*Coordinación Ejecutiva de la Administración Pública del Estado*): Co-ordinates the implementation and assessment of the state's strategic goals and objectives (see Chapter 2.), oversees the organisation of government, co-ordinates the fiscal package, organises Cabinet meetings, promotes mechanisms for citizen participation and serves as a liaison between government and civil society.
- The Ministry of Administration (*Secretaría de Administración*): helps manage the human, material, technological and communication resources of the public administration, according to the principles of transparency, accountability, efficacy and effectiveness.
- The General Government Ministry (*Secretaría General de Gobierno*): carries out internal political issues, co-ordinating with the federal government, the other states' administrations and the municipalities.

- The Ministry of Education (*Secretaría de Educación*): manages education services and the human, financial and material resources dedicated to education in Nuevo León (see Chapter 5.).
- The State Institute for Youth *(Instituto Estatal de la Juventud)*: analyses, plans, designs and implements public policy, co-ordinating and creating programmes and actions targeting young people, identifying and enhancing their social development and productivity, as well as collaborating with public, private and social entities to promote the development of young people in Nuevo León (see Chapter 5.).

Nuevo León's Anti-corruption System Law does not provide for the participation of such Ministries in the Co-ordination Committee. There are valid reasons not to include them on a permanent basis in the SEANL, since too many participants could compromise its effectiveness. However, their participation in the SEANL discussion would be extremely beneficial in topics or areas where these ministries have a relevant role (e.g. co-ordination) or competence (e.g. human resources and education). To help engage these institutions in the effort, Nuevo León could leverage the reference to "representatives of public entities" among the constituting entities of the SEANL (Article 7 of the Nuevo León Anti-corruption System Law and Table 1.1) and establish formal mechanisms to involve them in the work of the Co-ordination Committee, as well as in other relevant bodies, whenever an area of interest is to be addressed. For example, the institutions in question could be invited to the relevant meetings of the Committee – at least when discussing the state's anti-corruption policy – following the procedure laid out in Article 13 of the Nuevo León Anti-corruption System Law.

A specific mechanism for participation and co-ordination could be designed for the Executive Agency for Co-ordination of the state's Public Administration, not only because of its key responsibility for ensuring the coherence of action taken by the executive branch, but also thanks to its role in co-ordinating and monitoring the Strategic and Development Plans (Nuevo Leon Council, 2016[5]; Nuevo Leon Council, 2016[6]). This is crucial, given that the Development Plan 2016-2021 describes the fight against corruption as one of the priority areas for the government in the years to come, and calls for the creation of a robust State Anti-corruption System (Table 1.4). The Executive Agency for Co-ordination is a pivotal institution for consistency and coherence between the strategic efforts of the state and the work of the SEANL. It should always be involved in issues of policy and co-ordination, as well as monitoring and evaluation, particularly at the technical level, in the SEANL's Executive Secretariat (see Chapter 2.).

Table 1.4. Strategic action for consolidation of the SEANL laid out in the State Development Plan 2016-2021

Prevent, identify and combat illicit conduct and administrative misconduct of public servants.
Ensure effective co-ordination with specialised courts and state and national anti-corruption systems.
Carry out targeted audits of the strategic areas of the state's public administration, ensure that the auditors' resolutions are binding, and establish an integrated internal control framework.
Promote citizens' complaints through witness protection, anonymity, confidentiality and the integrity of evidence in anti-corruption investigations.

Source: (Nuevo Leon Council, 2016[6]).

1.2.2. To secure support from each member of the Co-ordination Committee and to benefit from their expertise, the SEANL's Executive Secretariat could create two consultative sub-commissions.

The Executive Secretariat of the SEANL is in charge of providing technical support to the Co-ordination Committee, both in terms of technical assistance and in deciding on the inputs to be discussed. The quality of its work will thus influence the measures taken by the Co-ordination Committee and the effectiveness of the SEANL as a whole. The Executive Secretariat is composed of a Technical Secretary, an Executive Commission and the governing body, made up of the members of the Co-ordination Committee and led by the President of the Citizen Participation Committee.

One of the most significant aspects of a co-ordination mechanism that brings together the principal integrity actors is its diverse composition. The various perspectives, experiences and good practices of the participating institutions should therefore be given the opportunity to contribute their knowledge and expertise. To offer the Co-ordination Committee the widest technical experience, so that it can take informed decisions, the SEANL could stress and take full advantage of the key technical role of the Executive Secretariat's members. Two sub-commissions could be established within the Executive Commission, to consult relevant institutions on drafts and proposals before submitting them to the Co-ordination Committee. These two consultative sub-commissions – one focusing on prevention and the other on enforcement – would deal with two areas that, although they share certain common objectives, usually involve two different sets of actors. On the enforcement side, drafts and proposals on disciplinary issues would benefit from exchanges and consultation with the Comptroller-General, the Supreme Audit Office and the Special Anti-corruption Prosecutor. Furthermore, a sub-commission could help create mutual confidence, encourage the exchange of information and stimulate discussion, on such subjects as measures to overcome common challenges. This organisational arrangement could be first tested informally and eventually established formally, pursuant to Article 36 of the Nuevo León Anti-corruption System Law. This would not only improve the overall quality of the proposals and drafts, but reduce the risk that the decisions of the Co-ordination Committee do not involve technical discussions and remain at the theoretical level, without connecting to practical issues necessitating ownership by all institutions. Furthermore, the consultative sub-commissions could help address other gaps that often emerge in the work of the anti-corruption co-ordination bodies, such as:

- focusing on legislative and normative reforms with insufficient emphasis on actual implementation;
- favouring politically attractive high-level prosecution cases instead of deeper structural reforms that target the root causes of corruption;
- setting overly ambitious objectives with limited institutional capacity, and formulating technocratic solutions without acknowledging the problem of vested political or economic interests;
- favouring holistic and broad approaches without acknowledging the necessity to set priorities and consider the timing of interventions (Hussmann, 2007[7]).

1.2.3. Members of the SEANL, with participating institutions, could nominate a contact point or unit to liaise with governing bodies and mainstream integrity policies in the whole of government.

The effectiveness of the SEANL depends not only on the architecture of the system, but on how active its members are in providing the information necessary and carrying out measures and policies agreed on by the Co-ordination Committee. The structural arrangement of the system is crucial to ensure that all relevant actors are part of the system, and the engagement of its members can ensure that the SEANL is not simply a formal mechanism with little or no impact on government bodies and citizens. Both these aspects are recognised in the *OECD Recommendation of the Council on Public Integrity* (OECD, 2017[1]), which stresses the need to establish responsibilities at every level (organisational, subnational or national), not only for designing and leading the integrity system, but for carrying out its elements and policies.

Under the Nuevo León Anti-corruption System Law, no institutional mechanism is provided to ensure that its members actively and continuously participate in the SEANL and follow up requests for inputs or formal decisions. A key role is played by the Technical Secretary, whose tasks include planning and carrying out technical activity, but also asking for information from the members of the Executive Commission. To facilitate the work of the Secretary and ensure that the SEANL's members fulfill the responsibilities incumbent on their participation in the SEANL, the Regulation governing the functioning of the system could provide for the nomination – in each participating institution – of a person or unit in charge of co-ordinating with the Technical Secretary and other members. More generally, these persons or units could ensure the continuous support and active participation of each institution in any activity or initiative related to the SEANL. This would include preparing the high-level discussions in the Co-ordination Committee. Contact points (or units) would thus create a network supporting the achievements of high-level objectives set by the Co-ordination Committee. Among their tasks would be to provide all necessary information, to follow up on commitments undertaken and to ensure that actions and policies agreed upon were carried out.

The SEANL could consider replicating the model of the National Anti-corruption System (*Sistema Nacional Anticorrupción*, or SNAC). This calls for each member of the Governing Body to nominate a permanent contact point with the Executive Secretariat (Article 12 of the SNAC Executive Secretariat Statute, *Estatuto Orgánico de la Secretaría Ejecutiva del Sistema Nacional Anticorrupción*). They must also recommend the creation of a unit in each participating entity, along the lines set by the Ministry of Public Administration at the federal level, which created an *ad hoc* unit (*Unidad de Vinculación con el Sistema Nacional Anticorrupción*) to co-ordinate the necessary follow-up within the Ministry on policies, plans, programmes and actions related to the SNAC. These also solicit information from the entities in the public administration to draft assessments and proposals to comply with the national anti-corruption policy (*Acuerdo por el que se reforma el diverso por el que se adscriben orgánicamente las unidades administrativas de la Secretaría de la Función Pública y se establece la subordinación jerárquica de los servidores públicos previstos en su Reglamento Interior*, 20 April 2017). Another example in this context is the model used by the Anti-corruption Commission of Piura (Peru), where every institution participating in subnational anti-corruption bodies appoints a unit or office to comply with the objectives, plans and activities of the co-ordinating committee (Box 1.3).

Box 1.3. Regional Anti-corruption Commission in Piura (Peru)

Peru established regional anti-corruption commissions (CRAs) under Law No. 29 976, which also created the High-level Anti-corruption Commission (*Comisión Alto-nivel de Anti-corrupción*, or the CAN), the national body promoting horizontal co-ordination and guaranteeing the coherence of Peru's anti-corruption policy framework.

The tasks of the CRAs include drawing up a regional anti-corruption plan to reflect the region's specific issues and challenges. However, only six regions have so far developed such a plan (San Martín, Pasco, Amazonas, Cusco, Piura and Huancavelica), and it is not clear how far these plans have been implemented.

The region of Piura set up its regional anti-corruption commission under Regional Ordinance No. 263 of 2013, which brings together representatives from the executive and the judicial branches, as well as from municipalities, the private sector and professional associations. Piura's Commission is supported by an Executive Committee responsible for carrying out the policies identified by the Commission. Co-ordination between the Commission and the Executive Committee is the responsibility of the Commission's Technical Secretariat. Finally, the governance of the system is completed by the anti-corruption units in each public entity, which are also in charge of implementing the policies approved by the Commission; providing support for compliance with the Code of Ethics in the public service; co-ordinating the drafting and approval of the Anti-corruption Plans of the entity; preparing a report of anti-corruption activities, and presenting it at public hearings.

Source: (OECD, 2017[8]) and PowerPoint presentation prepared by Piura's Regional Anti-corruption Commission.
http://anticorrupcion.regionpiura.gob.pe/detalle.php?idpag=3&pagina=uni_lucha&verper=0&tit=2.

Integrity policies should be mainstreamed through the whole of government and not just the institutions participating in the Co-ordination Committee. So the appointment of contact points/units to ensure co-ordination, follow-up and implementation of SEANL-related initiatives could also be provided for all other ministries from the executive, or, as a start, those called to participate regularly in the discussion because of their relevant roles or competence. Such an approach would be consistent with the approach followed by half of OECD countries, which require line ministries to set up their own integrity units as a focal point that can be held accountable for results (Table 1.5). As noted in (OECD, 2017[3]), countries like Austria, Canada and Germany have ethics officers and contact points in line ministries, which have also established networks for exchanging good practices and seeking advice to resolve common challenges (see Chapter 3.).

Table 1.5. Types of mechanisms used to mainstream integrity policies in line ministries

	Normative requirements (i.e. policies and guidance)	Guidance by a central government body (or unit)	Line ministries with dedicated integrity officials or units	Head of central government body participates in meetings of the Council of Ministers
Australia	●		●	
Austria	●		●	
Belgium	●	●	●	
Canada	●	●	●	
Chile		●		●
Czech Republic	●		●	
Estonia	●			
Finland	●	●		●
France	●	●	●	
Germany	●	●	●	
Greece	●	●		
Hungary	●	●		
Iceland	●	●		
Ireland	●	●		
Italy	●	●	●	
Japan	●	●	●	
Korea	●	●	●	●
Latvia	●			
Mexico	●	●		●
Netherlands	●	●	●	
New Zealand	●	●	●	
Norway	●			
Poland	●	●		
Portugal	●			
Slovak Republic			●	
Slovenia	●	●	●	●
Spain	●	●	●	
Sweden	●	●		●
Switzerland	●			
United Kingdom	●	●	●	●
United States	●	●	●	
OECD Total	29	22	17	8
Argentina	●	●		●
Brazil	●		●	
Colombia	●	●		
Costa Rica	●			●
Lithuania	●	●	●	●
Peru	●	●	●	

Note: Data on Argentina, Brazil and Peru were included on an *ad hoc* basis.
Source: (OECD, 2017[3]).

1.2.4. The Government of Nuevo León should counteract the strong public perception of corruption at the municipal level by using the SEANL and existing agreements to promote co-ordination and support municipalities in actively participating in the integrity system.

Both in Mexico and Nuevo León, corruption is a multi-level issue at every levels of the administration, and in particular, municipalities, whose activities are perceived as significantly corrupt throughout Mexico. Table 1.6, for instance, shows that Mexicans consider most corrupt public activities and services that are either under multi-level or municipal responsibility.

Table 1.6. Administrative procedures perceived as most corrupt and the corresponding level of administrative competence in Mexico

Administrative procedure	Corruption perception (%)	Level of government responsibility
Administrative offence (*Faltas administrativas*)	37	Multi-level
Traffic violation (*Infracción por incidente de tránsito*)	35	Multi-level
Parking violations (*Infracciones al estacionarse*)	28	Municipal
Land use permits (*Permiso de uso de suelo*)	19	Municipal
Request for cleaning service (*Solicitud de servicio de limpia*)	18	Municipal
Proof of vehicular polluting substances (*Verificación vehicular de contaminantes*)	16	State
Request for a water tanker (*Solicitud de una pipa de agua*)	12	Multi-level
Procedures in the Office of the Attorney (*Trámites ante el ministerio público*)	11	Multi-level
Permit for street-selling (*Permisos para vender en vía pública*)	8	Municipal
Border procedures (*Trámites de aduana*)	5	Federal

Source: (IMCO, 2015[9]).

The high degree of perceived corruption at various levels of government also concerns Nuevo León, where a large majority of citizens consider corruption to be a frequent or very frequent practice both at the state and municipal levels, according to a 2016 survey. The results of the survey, conducted by the civil society group Cómo Vamos Nuevo León, confirm those of a previous study by Mexico's National Institute for Statistics and Geography (Table 1.7). This can be explained, in part, by the fact that sub-national governments are responsible for providing a wide range of public services, such as education, health, security/justice, waste management, utilities, granting of licences and permits, increasing the frequency and directness of interactions between public officials and citizens and firms, all of which create potential opportunities for corruption (OECD, 2017[10]). They also often suffer from significant lack of capacity in human, financial and technical resources, which impedes their ability to combat corruption effectively.

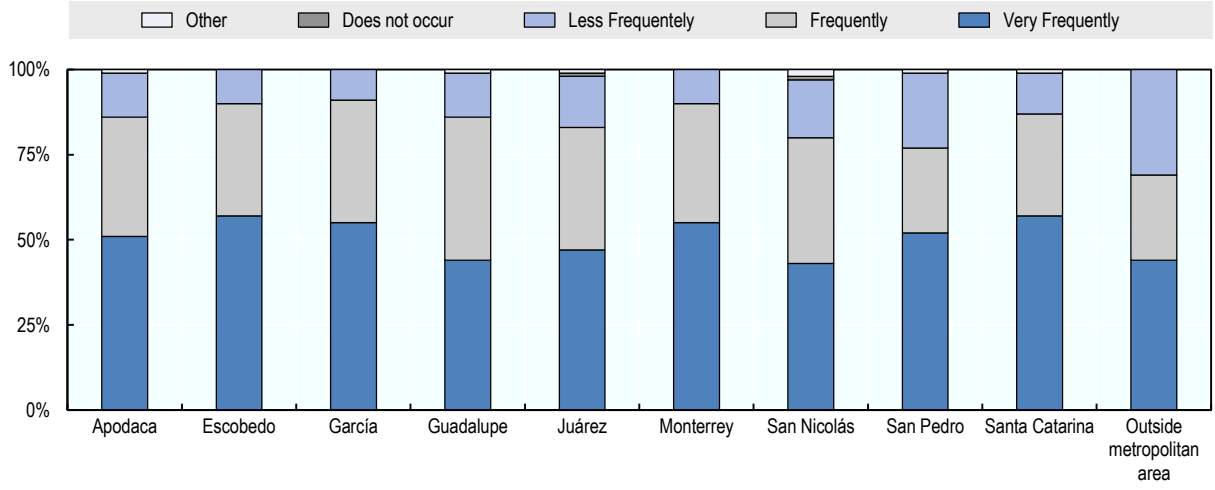
Table 1.7. Perception of corruption at state and municipal level in Nuevo León

	Civil society survey (2016)		INEGI (2015)	
	State	Municipality	State	Municipality
Very frequent	54.7 %	49.9 %	53.8%	46.1%
Frequent	31.6 %	32.5 %	30.5%	33.8%
Not frequent	13.2 %	17.0 %	9.9%	12.8%
Not happening	0.5 %	0.6 %	2.3%	3.2%
Does not know	0.0 %	0.0 %	N/A	N/A

Source: (Cómo Vamos Nuevo León, 2016[11]); (INEGI, 2015[12])

In Nuevo León, the significance of this phenomenon is particularly evident, at municipal level, in García, Monterrey and Escobedo, where the percentage of people who perceive corruption as a common practice rises to 90% of the interviewed sample (Figure 1.1). This suggests a need to focus preventing efforts on those institutions and to promote mechanisms for vertical co-operation between levels of government: This would not only allow Nuevo León to align with the OECD Recommendation (OECD, 2017[1]) and strengthen the effectiveness of its integrity system, but capitalise on the opportunity to forge trust between citizens and municipalities, potentially increasing trust in government in general (OECD, 2017[10]).

Figure 1.1. Frequency of acts of corruption at municipal level in Nuevo León



Source: (Cómo Vamos Nuevo León, 2016[11]).

The SNAC recognises the role of municipalities and the need to strengthen co-ordination within levels of Mexico's government. The primary objective of the SNAC is to co-ordinate all the institutions in charge of preventing, detecting and punishing corruption at all levels of government (Article 113 of the Constitution and Article 1 of the SNAC Law). As in the case of the national framework, the objective of the Local Anti-corruption System Law of Nuevo León is to establish the basis for co-ordination among the state, the Federation, and the municipalities, which should be adopted by the Co-ordination Committee pursuant to Article 9. In practice, however, the Law does not explicitly recognise municipalities as members within the SEANL (Article 7) and they are only mentioned as potential invitees of the Co-ordination Committee. Furthermore, no

specific role or responsibility is attributed to municipalities in Article 43, which deals with their role. This law establishes that they should adopt the principles of the SNAC and SEANL through the Law on Municipal Government (*Ley de Gobierno Municipal del Estado de Nuevo León*) as well as a Municipal Anti-corruption Regulation and Codes of Ethics and Conduct for dissemination to all officials as part of regular anti-corruption training. On the other hand, agreements (*convenios*) are in place between the state and some municipalities dealing with commitments related to internal control, transparency, the culture of legality and the fight against corruption (Table 1.8). Such collaboration is described as having a "voluntary nature" and as being "based on good faith", and corresponding agreements do not provide any mechanisms for monitoring municipalities' compliance with the law and related actions.

Table 1.8. Content of State-municipality agreements related to internal control, transparency, a culture of legality and the fight against corruption

Mutual obligations	State's obligations	Municipalities
Promote the creation of the Commission of Comptrollers of Nuevo León	Provide advice in relation to internal control	Carry out necessary reforms to improve internal control
Strengthen co-ordination of internal control bodies	Support municipalities in designing initiative to improve areas of opportunities emerging from national and international indexes	Create awareness among internal control and audit bodies of the relevant legal framework, methodology and processes
Promote programmes, projects and actions to prevent and fight corruption	Submitting to municipality complaints and reports under its competence	Promote the development of systems of programmatic and budget information
Draft joint work plans to audit the use of federal and state resources	Advice municipality in relation to the importance of a culture of transparency and legality	Open dedicated bank accounts for federal and state resources
Generate preventive measures to tackle corruption and promote a culture of legality		Provide facilities for the state to carry out audits, assessments and evaluations
Establish co-ordination mechanisms to guide citizens in filing a complaint or report for acts of corruption		Support the implementation of instruments related to transparency, a culture of legality, prevention and the fight against corruption
Exchange information in relation to complaints or reports of acts of corruption		
Carry out administrative proceedings related to acts of corruption by public officials within their respective competences		

Source: State-municipality collaboration agreement between the State of Nuevo León and Municipality of General Bravo on internal control, transparency, culture of legality and fight against corruption (*Acuerdo de colaboración Estado-Municipios para el control de gestión interna, transparencia, cultura de la legalidad y combate a la corrupción entre el Estado de Nuevo León y el Municipio de General Bravo*).

An effective public integrity system requires mechanisms for vertical co-operation with local governments to "support coherence and avoid overlap and gaps, and to share and build on lessons learned from good practices" (OECD, 2017[1]). This is particularly relevant in Nuevo León, where the perception is that corruption in municipalities is high, and where not all municipalities have been actively involved in the development of the SEANL, according to interviews carried out during the fact-finding mission. To improve the degree of participation of municipalities in Nuevo León's public integrity system, the

SEANL could create a mechanism to formally involve them. They could be invited to participate in the activities of both the Co-ordination Committee and the Executive Secretariat, when they are discussing proposals for designing integrity policies and co-ordination mechanisms. Municipalities could actively participate in these discussions and make substantive contributions by describing challenges and best practices relevant in developing drafts or proposals. In the technical discussions, it could also be useful to invite experts and those already working on co-ordination between the government and municipalities, such as the 23 officials of the Comptroller-General identified in the OECD Survey, as well as other relevant actors with competence on vertical co-ordination, such as the General Government Secretary. Involving all of the state's 51 municipalities would be cumbersome and impair the effectiveness of the system, but the municipalities could be represented by three representatives from municipalities of similar size, structure and needs, who would rotate each year. As for content, municipalities should leverage the co-ordination agreements signed so far and promote most successful practices. They could also introduce a mechanism to assess their impact and effectiveness periodically. They would account for progress made and for challenges they had encountered to the SEANL's governing bodies, which could be considered in drawing up integrity policies, establishing co-ordination mechanisms, identifying priorities and allocating resources. One aim of co-ordination should also be to promote horizontal dialogue and mutual learning among municipalities. At present, they have no forum for exchanging views and experiences on issues related to integrity, accountability and transparency. Special consideration should be devoted to certain key issues of multi-level regulatory governance that are relevant in the present context, namely:

- Regulatory policies in a multi-level context can only be effective if they reflect the full diversity of needs and interests and encourage co-ordination (horizontal and vertical) and co-operation mechanisms across levels of government.
- Setting up regulatory institutions at lower levels of governments should take into account the strengthening of capacities (resources, training, capacity-building).
- Bottom-up solutions can provide valuable insights into this process. Innovations that emerge at lower levels of government may deserve to be adopted more widely (Rodrigo, Allio and Andres-Amo, 2009[13]).

1.3. Building a coherent institutional framework to mainstream integrity policies

1.3.1. The Government of Nuevo León could create a new unit in the Office of the Comptroller to centralise conflict of interest and ethics policies in the executive branch.

In the majority of OECD countries, developing and maintaining conflict of interest and ethics policies has been delegated to a central body responsible for this question throughout the government (OECD, 2014[14]). This helps to create a common understanding of integrity rules, provide clear guidance, ensure coherence in the development and implementation of the integrity strategy and avoid overlaps or even contradictions in dealing with integrity issues.

Nuevo León does not have a single entity responsible for ensuring consistency in applying all integrity rules across government. The Office of the Comptroller could create a unit with the authority to harmonise the public ethics and conflict of interest framework, to provide guidance and promote a common understanding of the values, principles, and practices among public servants. Indeed, based on the information provided by Nuevo

León, the government studied the possibility of creating a public office to resolve ethics and conflict of interest issues as support for the Citizen Comptroller Office (*Contraloría Ciudadana*).

Ethics and conflict of interest issues can arise at any time in the daily work of public officials. Since they require a prompt response, to protect the public interest, it is a priority to create a permanent office within the government structure in charge of mainstreaming integrity across the government. This proposed unit requires that the Organic Law of the Public Administration be amended, so that it can be included within the structure of the Office of the Comptroller. Like the existing unit specialised in ethics and prevention of conflicts of interest (*Unidad de Ética, Integridad Pública y Prevención de Conflictos de Interés*, or UEEPCI) of the Ministry of Public Administration (*Secretaría de la Función Pública*, or SFP) at the federal level, this proposed unit should lead the development of integrity policies within the Co-ordination Committee, ensuring its implementation and providing the inputs for monitoring. This unit could also help government entities develop an open culture of integrity where ethical dilemmas, public integrity concerns and errors can be discussed freely. It could also develop and update the organisational ethics codes across government entities, providing policy guidance and support to other ministries in implementing integrity policies, and mainstreaming integrity measures in internal control.

To accomplish its mandate, this unit would need to have an appropriate budget and human resources capacity, working on a full-time basis. It should be made clear that its role is to prevent breaches of the integrity rules and, therefore, differentiated from the investigatory and sentencing institutions such as the Anti-corruption Unit, the Tribunal of Administrative Justice, the Specialised Anti-corruption Prosecutor and internal control bodies. This will remove the repressive archetype typical of a legalistic approach that focuses mainly on enforcement of integrity and anti-corruption rules rather than defining integrity in organisations.

1.3.2. The Government of Nuevo León could establish Integrity Contact Points to mainstream integrity policies and practices in government entities

To instil a culture of integrity in the public sector, policies for managing ethics and conflict of interest issues should be mainstreamed in its organisations. International best practices show that organisations need not only well-drafted rules but also dedicated and well-trained professionals or units that are responsible and accountable for promoting these policies (see Box 1.4).

Box 1.4. Germany's contact persons for corruption prevention

Germany, at the federal level, has institutionalised units for corruption prevention as well as a responsible person dedicated to promoting corruption prevention measures in a public entity. The contact person and a deputy must be formally nominated. The "Federal Government Directive concerning the Prevention of Corruption in the Federal Administration" defines these contact persons and their tasks as follows:

1. A contact person for corruption prevention shall be appointed based on the tasks and size of the agency.

One contact person may be responsible for more than one agency. Contact persons may be charged with the following tasks:

- serving as a contact person for agency staff and management, if necessary without having to go through official channels, along with private persons;
- advising agency management;
- keeping staff members informed (e.g. through regularly scheduled seminars and presentations);
- assisting with training;
- monitoring and assessing any indications of corruption;
- helping to keep the public informed of penalties under public service law and criminal law (preventive effect) while respecting the privacy rights of those concerned.

2. If the contact person becomes aware of facts leading to a reasonable suspicion that an act of corruption has been committed, he or she shall inform the agency management and make recommendations for conducting an internal investigation, taking measures to prevent concealment, and informing the law enforcement authorities. The agency management shall take the necessary steps to deal with the matter.
3. Contact persons shall not be granted any authority to carry out disciplinary measures. They shall not lead investigations in disciplinary proceedings for corruption cases.
4. Agencies shall provide contact persons promptly and comprehensively with the information needed to perform their duties, particularly concerning incidents of suspected corruption.
5. In carrying out their duties of corruption prevention, contact persons shall be independent of instruction. They shall have the right to report directly to the head of the agency and may not be subject to discrimination as a consequence of performing their duties.
6. Even after their term of office, contact persons shall not disclose any information they have obtained about staff members' personal circumstances; they may, however, provide this information to agency management or personnel management if they have a reasonable suspicion that an act of corruption has been committed. Personal data shall be treated in accordance with the principles of personnel records management.

Source: German Federal Ministry of the Interior "Rules on Integrity", https://www.bmi.bund.de/SharedDocs/Downloads/EN/Broschueren/2014/rules-on-integrity.pdf?__blob=publicationFile.

Nuevo León does not have public servants accomplishing these functions on a full-time basis but could designate the current ethics liaisons (*enlances de ética*) within their ministries who were trained as "Agents of change" (see Chapter 3.) to act as Integrity Contact Points. To ensure the effective promotion and implementation of the ethics rules, these designated public servants should exercise their mandate autonomously from internal pressure, report directly to the head of the public entity who has designated them, as well as to the proposed Ethics Unit. They should be appropriately trained and their mandate should focus exclusively on providing guidance on integrity matters rather than processing complaints or pursuing disciplinary cases.

To ensure coherence of this institutional mechanism, the proposed Ethics Unit within Office of the Comptroller should co-ordinate and liaise with all Integrity Contact Points (or persons) across the public administration, monitor their work, provide tools and materials, and support them with *ad hoc* guidance, and provide up-to-date training focusing on integrity management. A network of Integrity Contact Points could also be established to ensure consistency in implementing integrity policies across organisations in Nuevo León, and to offer opportunities for mutual learning.

1.4. Demonstrating high-level commitment to public integrity

1.4.1. Institutions responsible for setting up the SEANL, especially the legislative branch and the SEANL's members, should display high-level commitment to the system and help support it with pending laws and regulation.

Political leadership and senior management have key responsibilities for creating a public integrity system, which concern both the way they discharge their duties and also how active they are in taking determined action to enhance public integrity and reduce corruption. This is reflected in the *OECD Recommendation of the Council on Public Integrity*, whose first principle calls on states to demonstrate commitment at the highest political and management level, through the following actions:

- ensuring that the public integrity system defines, supports, controls and enforces public integrity, and is integrated into the wider public management and governance framework;
- ensuring that the appropriate legislative and institutional frameworks are in place to enable public sector organisations to take responsibility for managing the integrity of their activities, as well as of the public officials who carry out the activities;
- establishing clear expectations for the highest political and management levels to support the public integrity system, through exemplary personal behaviour, including demonstration of a high standard of propriety in the discharge of their official duties. (OECD, 2017[1])

Although the Law on the Local Anti-corruption System of Nuevo León went through a complex approval process that confronted different attitudes from the legislative and executive branches, the creation of the SEANL – which satisfactorily implements the national reform – is a clear sign of the leadership role Nuevo León is playing in creating a public integrity system. Even though its creation was mandatory under the SNAC Law, its implementation has not been complied with and has even been subject to abuse in some states (Box 1.5). However, civil society organisations have judged the final text agreed in Nuevo León (IMCO, n.d.[4]) to be satisfactory. Positive indications of support for the SEANL are also suggested by the strong participation allowed under the system

for civil society. The Citizen Participation Committee will be granted the presidency of the Co-ordination Committee and Executive Commission of the Secretariat, as well as three representatives in the Co-ordination Committee (whereas the SNAC has only one). One should also note that, unlike the SNAC, the SEANL, and in particular, the Co-ordination Committee, has been given the mandate to adopt binding resolutions and follow them up in annual reports.

Box 1.5. Ensuring local integrity systems comply with national legislation

In the spring of 2016, the outgoing governors of Veracruz, Chihuahua, and Quintana Roo introduced bills to establish their respective states' anti-corruption systems, establishing the offices of the Anti-Corruption Prosecutor and judges for the administrative tribunals.

These bills were criticised by opposition parties and other organisations as containing provisions that would shield them from future prosecution for corruption. After the passage of these bills, the incoming governor-elect of Quintana Roo filed a constitutional challenge against all three of the proposed bills, arguing that the bills were not consistent with the principles of Mexico's proposed National Anti-Corruption System.

In September 2016, the Supreme Court of Justice (*Suprema Corte de Justicia de la Nación*, or SCJN) declared the respective anti-corruption laws of the states of Chihuahua and Veracruz unconstitutional, on the grounds that the regulations for the local anti-corruption systems had been issued and approved before the federal laws of the National Anti-corruption System had been adopted.

The SCJN also declared that while the laws passed by the states of Chihuahua and Veracruz for the Anti-Corruption Prosecutors were unconstitutional, they could not remove the appointed prosecutors from their posts or invalidate their appointments. Nevertheless, since these laws have been deemed unconstitutional, all acts derived from that law (such as their appointment) are void.

Chihuahua and Veracruz are the only two states that did not comply with the obligation to adopt the law creating the Local Anti-corruption System by the deadline set by the SNAC Law (18 July 2017). These states eventually adopted the necessary laws for this purpose in October 2017 (Chihuahua) and November 2017 (Veracruz).

Source: (OECD, 2017[2]; IMCO, n.d.[4]).

On the other hand, the Law on the Local Anti-corruption System only represents the first step toward creating the SEANL, and sustained high-level commitment from all relevant institutions is required to ensure its functioning and effectiveness. Appointing a technical delegate from each institution participating in the Executive Secretariat could favour the continuous support of high-level representatives. However, a key issue that would demonstrate the political will of ruling institutions in Nuevo León is guaranteeing that civil society becomes a pillar of the SEANL. The appointment of the Citizen Participation Committee, but also of the commission selecting the members of this key body, should comply with the highest standards of inclusiveness, openness and transparency. Although the Law establishes the publication of some information related to such procedures (methodologies, documents, list of candidates, planning, hearings), Nuevo León could

consider developing an *ad hoc* online portal to increase public awareness, participation and scrutiny over the selection process led by the legislative branch. It could also ensure that candidates demonstrate the highest standards of integrity from the beginning and publish their most recent asset declaration, as well as a declaration on their potential conflicts of interest. The final evaluation of the selected members should be published and provide an assessment of the candidate's technical experience, profile and political independence.

Lastly, since further laws, regulation and appointments are needed to ensure the functioning and effectiveness of the SEANL (Table 1.9), the political leadership in Nuevo León should continue to demonstrate the commitment it has shown so far. This would mean swiftly adopting the legislation needed to complete the system and set it in motion. This phase has proved to be particularly challenging at the federal level. As of June 2018, the Special Anti-corruption Prosecutor has not yet been appointed, after more than two years of delay. Nuevo León appears not to have reached such an impasse. The Selection Commission was nominated in November 2017 and the Special Anti-corruption Prosecutor in March 2018. However, as of June 2018, some of the bodies of the SEANL have not been yet created (i.e. the Citizen Participation Committee, the Co-ordination Committee and the Executive Secretariat) and full functioning of the system still depends on several reforms and appointments. These, should be conducted in an open, participatory manner, involving all relevant institutions and providing for the crucial contribution of civil society. In addition, all relevant institutions should comply with the deadlines outlined in the Transitory Articles of the Law establishing the first steps of the SEANL, namely:

- Within 180 days after the entry into force of the Law:
  - Adopting all regulation and normative changes as provided for by the Law (Executive and Judicial power, constitutionally autonomous bodies and municipalities);
  - Adapt the Law on Municipal Government;
- Within 90 days of the entry into force of the Law, the State Congress shall release the open call for the appointment of the Selection Commission.
- Within 60 days of the creation of the Citizen Participation Committee the Co-ordination Committee shall hold the first meeting,
- Within 60 days of the definition of the Co-ordination Committee the Executive Secretariat shall start its operations.

Table 1.9. Legal instruments to reform or adopt to implement the SNAC in Nuevo León

Legal instruments adopted or reformed	Legal instruments to reform or to adopt
SEANL Law	Administrative Responsibilities Law for state and municipal public officials
Attorney General's Office Organic Law	Accountability and Audit Law
Administrative Justice Law	Criminal Code
Municipal Code	Public Administration Organic Law

Note: A draft Law of Nuevo León's Administrative Responsibilities of Public Officials Law was presented in February 2018.
Source: OECD elaboration, with data provided by the Government of Nuevo León and from the National Anti-corruption System's website, http://sna.org.mx/wp-content/uploads/2018/07/NL.pdf (accessed 5 July 2018).

1.4.2. Key elements needed are allocating adequate resources and tapping into potential synergies by all the institutions represented by the SEANL's members.

The commitment of political leadership to setting up an effective public integrity system should not only be displayed by adopting laws and regulation, but also by allocating sufficient capacity and resources. At the same time, the system should be equipped with mechanisms that help make sure that resources are efficiently spent in achieving its mission, rather than creating additional administrative layers that only slow down the fight against corruption.

The SEANL, just like the SNAC at the federal level, is largely supported by existing staff and institutions, which would devote some of their capacity to participate and support the system. On the other hand, several new bodies, processes and mechanisms provided for under the reform require resources that political leaders need to invest in if the system is to yield tangible results. These might include:

- increasing and training staff to face new competences in the Comptroller Office, the State Tribunal for Administrative Justice, and Specialised Anti-corruption Prosecutor Office;
- new horizontal activities, such as the State Digital Platform;
- hiring and training staff supporting the administrative and technical work of the SEANL;
- costs involved in the daily functioning of the SEANL (e.g. office spaces, IT tools);
- strengthening co-ordination mechanisms, especially with municipalities.

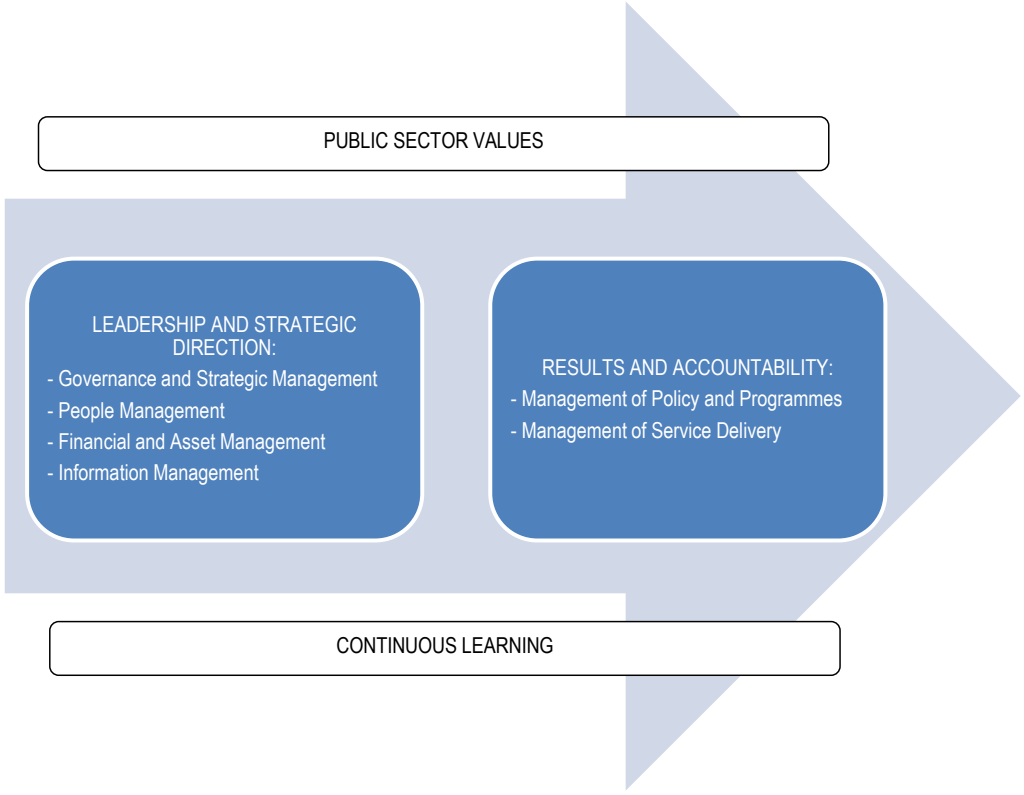
According to the Transitory Articles 6-8 of the Law on the Local Anti-corruption System, the Executive Branch has the responsibility to provide the human, financial and material resources to underwrite the operations of the Executive Secretariat. Furthermore, the Law stipulates that the budget resources allocated in the Budget Law for 2017 should be used to start the operation of the SEANL, while the draft Budget Law for 2018 should provide for the resources to comply with the Law. Allocating adequate resources to the SEANL and its bodies is not only an obligation under the law, but a way to indicate to citizens and other institutions a commitment to setting up an effective system to prevent and fight corruption. To this end, the Government of Nuevo León should guarantee sustained support for the SEANL, and in particular to the bodies and mechanisms of civic participation, without endangering the independence of their work and decisions. In this context, it is encouraging that the Budget Law for 2017 provides for MXN 6 million (around EUR 280 000) to be allocated to the SEANL, and MXN 25 million (around EUR 1.2 million) to the Anti-corruption Prosecution Office. However, additional efforts would seem to be needed in the years to come, given the amounts estimated for other states and the SNAC at the federal level. On the one hand, the Inter-institutional Preparatory Council for the Implementation of the Anti-corruption System in Mexico City (*Consejo Interinstitucional Preparatorio para la Implementación del Sistema Anticorrupción de la Ciudad de México* – Coipisa) calculated an overall cost of MXN 131 million (around EUR 5.6 million) for the local anti-corruption system in 2017 (Proceso, 2016[15]). On the other hand, the Finance Research Center of the Chamber of Deputies estimated that the national framework of the SNAC, i.e. not including the single Local Anti-corruption System (*Sistema Local Anticorrupción*, or LACSs) would cost around MXN 1.5 billion (around EUR 65 million) (Cámara de Diputados, 2016[16]).

1.4.3. To set clear expectations and encourage senior managers to commit to creating a public integrity system, the SEANL could introduce mechanisms to ensure that its members are accountable for its implementation and for informing public officials.

Managerial commitment to public integrity is also an essential ingredient to ensure reforms and the mainstreaming of policies in individual government entities. Without the co-operation and engagement of senior managers in instituting rules, guidelines and manuals at the organisational level, no institutional framework – including the SEANL – could create a robust public integrity system. Appropriate mechanisms should be instituted to help organisations "take responsibility for effectively managing the integrity of their activities, as well as that of the public officials who carry out those activities" (OECD, 2017[1]).

It is a positive sign that in the SEANL, high expectations of commitment and ethical behaviour by those who are to participate in the system are suggested by the list of requirements for becoming a member of the Citizen Participation Committee or Technical Secretariat. This is also true of the system of accountability in the Executive Secretariat, in the establishment of an internal control body in charge of overseeing the budget, contracts, administrative responsibilities and issues of transparency. On the other hand, no mechanisms are in place to ensure that those in charge of single entities are accountable for the reform process and the implementation of the decisions or policies adopted in the SEANL. To address this issue, the SEANL could consider developing an online visualisation tool to allow citizens and other entities to monitor the actions agreed on by ministries and government entities, as well as to acknowledge and incentivise high-level commitment in the system. Furthermore, Nuevo León could consider the experience of the Treasury Board of Canada Secretariat (TBS) Management Accountability Framework (MAF), which provides a model for including public sector values within the framework of performance assessments, beyond managerial results (Figure 1.2).

Figure 1.2. The Management Accountability Framework in Canada



Source: (Government of Canada, n.d.[17]).

As illustrated in Chapter 3. , Nuevo León does not have a general employment framework in the civil service and, to date, is currently building a performance management programme. In parallel with the development of this programme, the SEANL could design a mechanism to hold senior managers accountable for implementing integrity policies at the organisational level as well as displaying exemplary behaviour (see Chapter 4.), for instance by duly and timely complying with the obligations related to conflict of interest and asset disclosure declarations. While specific measures to ensure compliance should be tailored to the labour regime pertaining to each relevant category of public officials, the SEANL could, at a minimum, consider proposing the introduction of a disciplinary sanction in case of persistent and deliberate failure to meet a set of minimum requirements related to the implementation of the system at the organisational level. Similarly, they should be held accountable if they do not demonstrate a high standard of propriety and commitment in integrity values and practices.

Proposals for action

Many actors in Nuevo León are involved in preventing and tackling corruption, and the Local Anti-corruption System creates an invaluable opportunity to build a coherent integrity system involving all relevant institutions, as well representatives from civil society. In developing the system and creating the related bodies, processes and mechanisms, Nuevo León could consider the following actions:

Building an inclusive integrity system in Nuevo León

- Establish mechanisms to involve entities, within the executive, with integrity-related responsibilities in the work of the SEANL Co-ordination Committee.
- Introduce a mechanism in the SEANL to involve the Executive Agency for Co-ordination of the State's Public Administration in addressing issues related to policy and co-ordination of the law, as well as of monitoring and evaluation mechanisms, especially at the technical level within the SEANL's Executive Secretariat.
- Create two sub-commissions in the Executive Secretariat of the SEANL – one on prevention issues, and the other to focus on investigation and enforcement issues – to consult relevant institutions on drafts and proposals before submitting them to the Co-ordination Committee.
- Nominate – in each institution participating in the SEANL – a person or unit in charge of co-ordinating with the SEANL Technical Secretary and other SEANL members, as well as ensuring continuous support and active participation of each institution in any activity or initiative related to the SEANL.
- Create a network of SEANL's members as contact points (or units) supporting the effective achievements of high-level objectives set by the Co-ordination Committee.
- Nominate contact points/units in other institutions collaborating with the SEANL, to ensure co-ordination, follow up and implementation of SEANL-related initiatives.
- Create a mechanism to formally involve municipalities in both the SEANL's Co-ordination Committee and Executive Secretariat when discussing proposals for the design and implementation of integrity policies and co-ordination mechanisms among municipalities. Municipalities could be represented by three representatives of municipalities of similar size, structure and needs, who would rotate each year.
- Create a mechanism in the SEANL to periodically assess the effectiveness and impact of co-ordination agreements with municipalities.

Setting a coherent institutional framework to implement and mainstream integrity policies

- Create a unit within the Office of the Comptroller responsible for harmonising the public ethics and conflict of interest framework, to provide guidance for public officials and ensure common understanding of the values, principles and practices.
- Task the unit with co-ordinating and liaising with all Integrity Contact Points across the public administration, monitoring their work and providing them tools

and materials. Support them with *ad hoc* guidance, and provide up-to-date trainings focusing on integrity management.
- Give the unit an appropriate budget and human resources capacity, working on a full-time basis.
- Designate the current ethics liaisons (*enlances de ética*) within their ministries, who were trained as "Agents of change", to act as Integrity Contact Points.
- Grant the Integrity Contact Points an autonomous mandate, reporting directly to the head of the public entity that has designated them, as well as to the proposed Ethics Unit.
- Create a network of Integrity Contact Points, to ensure consistency in implementing integrity policies, as well as to offer opportunities for mutual learning.

Demonstrating high-level commitment to enhance public integrity

- Adopt laws and regulations needed to complete the SEANL.
- Comply with the steps set out in the Transitory Articles of the SEANL Law to put the SEANL into motion.
- Ensure that the appointment of the Citizen Participation Committee, and also of the Commission that selects its members, complies with the highest standards of inclusiveness, openness and transparency. An *ad hoc* online portal could increase public awareness and participation.
- Make sure all candidates to the Citizen Participation Committee, and also the Commission selecting its members, present the last asset declaration as well as a declaration on potential conflict of interest, and publish them.
- Publish an extensive evaluation of the selected members of the Citizen Participation Committee, addressing the candidate's technical experience, profile and independence.
- Allocate adequate resources to the SEANL and its bodies, to demonstrate commitment towards citizens and other institutions, to setting up an effective system to prevent and fight corruption.
- Develop an online visualisation tool that enables citizens and other entities to monitor the implementation of actions agreed upon by the SEANL and Ministries and government entities, as well as to acknowledge and incentivise high-level commitment to the system.
- Design a mechanism to hold senior managers accountable for implementing integrity policies at the organisational level, as well as demonstrating exemplary behaviour, for instance by duly and timely complying with the obligations related to conflict of interest and asset disclosure declarations.

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Chapter 2. Strengthening Nuevo León's strategic approach to public integrity

*A strategic approach to integrity, based on evidence and on addressing at-risk areas is an essential element to develop a comprehensive and effective integrity system. This chapter assesses the mechanisms for monitoring, evaluating and reviewing Nuevo León's strategic efforts to prevent corruption, as laid down in its strategic and development plans. This chapter describes the comprehensive and participatory work of the Nuevo León Strategic Planning Council, which guides the state's broad strategic development. It provides recommendations for improving the integrity and anti-corruption strategy, for example by clearly defining objectives and identifying additional indicators. Furthermore, it addresses the strategic role that the Nuevo León Anti-corruption System (*Sistema Estatal Anticorrupción para el Estado de Nuevo León*, or SEANL) can play in supporting the state integrity strategy as it develops and monitors its integrity policies.*

2.1. Introduction

A key element for building a strategic approach to public integrity is measuring and evaluating integrity policies. Evidence is needed to understand what works and why, and to improve policies to achieve strategic goals. Collecting data on what has and what has not been achieved can help guide further action and increase accountability, providing stakeholders basic evidence of the progress made as a result of proposed action and high-level commitment (OECD, 2017[1]).

The *OECD Recommendation of the Council on Public Integrity* acknowledges the need to build an evidence-based, strategic approach to public integrity by:

a. setting strategic objectives and priorities for the public integrity system, based on a risk-based approach to violations of public integrity standards, and that takes into account factors that contribute to effective public integrity policies;
b. developing benchmarks and indicators and gathering credible and relevant data on the level of implementation, performance and overall effectiveness of the public integrity system (OECD, 2017[2]).

This chapter assesses Nuevo León's Strategic Planning Council (*Consejo Nuevo León para la Planeación Estratégica*), whose task is to design, implement and evaluate a comprehensive strategy for the state, including on integrity-related issues. It also addresses the role of Nuevo León's Anti-corruption System (*Sistema Estatal Anticorrupción para el Estado de Nuevo León*, or SEANL), which is not only in charge of co-ordinating institutions across every level of government, but has the primary responsibility for designing the state's integrity policy.

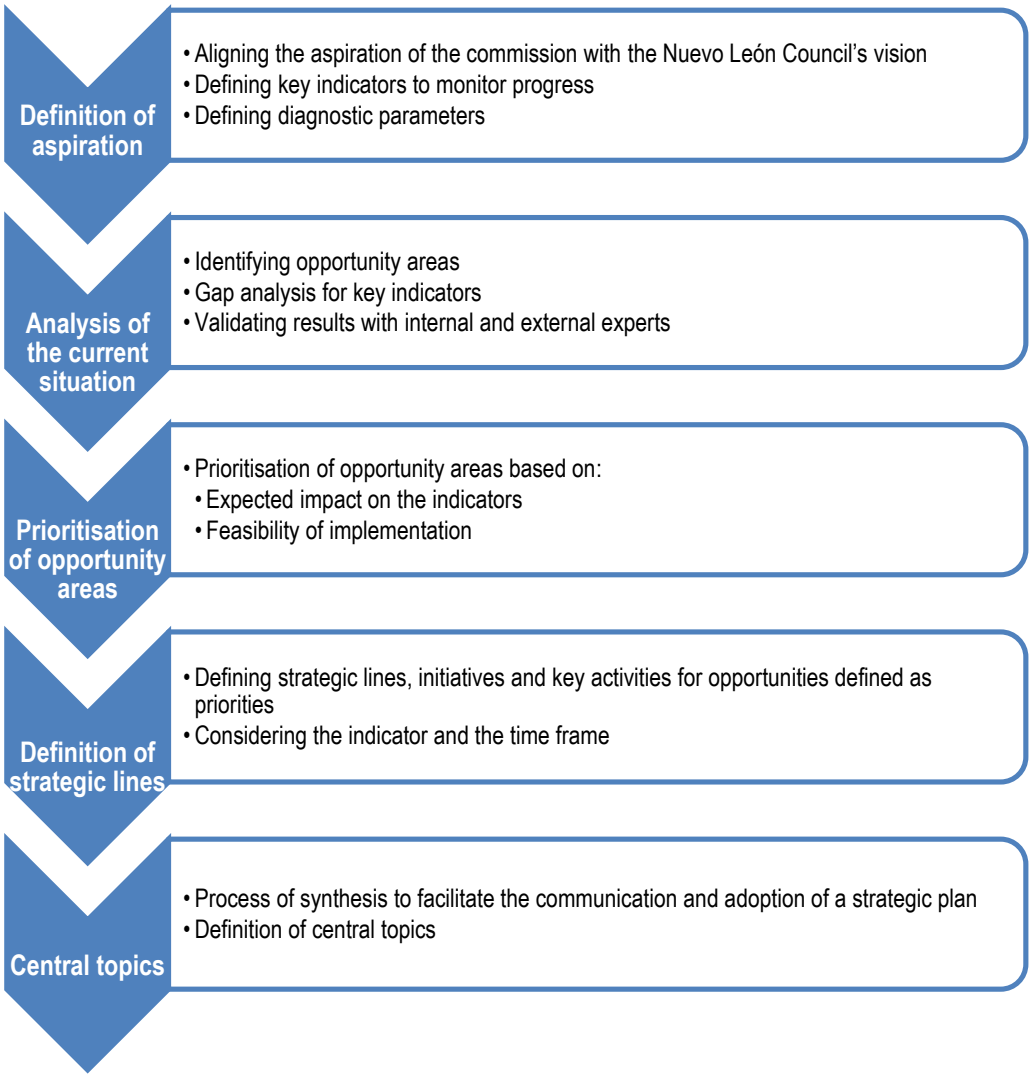
2.2. Reinforcing the strategy to prevent corruption

2.2.1. The Nuevo León Strategic Planning Council's task of drafting an integrity and anti-corruption strategy could be enhanced by setting clear objectives and formulating new indicators.

Since 2013, Nuevo León has built a comprehensive system for strategic planning and evaluation led by the Council for Strategic Planning of Nuevo León (*Consejo Nuevo León para la Planeación Estratégica*, or Nuevo León Council). In this public body, representatives of government, civil society and the university are working together on the sustainable development in the state, with the ultimate vision of making Nuevo León "the best place to live". The Council defines itself as a non-partisan, advisory body of the executive branch in matters of strategic planning and its evaluation. It is intended to be guided by a long-term strategy that extends beyond the political cycle (*transsexenal*). It is composed of 16 voting members (representing citizens and the universities, as well as the state and federal governments), as well as a technical secretary and non-voting expert advisers. Created under the Strategic Planning Law for the State of Nuevo León (*Ley de Planeación Estratégica del Estado de Nuevo León*), the Nuevo León Council was asked to elaborate a long-term strategic plan for the governor of Nuevo León. This was intended to serve as a reference for drawing up the medium-term plan for the governor's term of office. Both the Strategic Plan (*Plan Estratégico para el Estado de Nuevo León 2015-2030*) and the Development Plan (*Plan Estatal de Desarrollo 2015-2021*) were released in parallel in April 2016, after an extensive collaborative effort that involved multidisciplinary experts and wide social participation.

One of the pillars of the work of the Nuevo León Council is "Effective and Transparent Government" (*Gobierno eficaz y transparente*) which was identified as one of the main priorities of the state, together with Human Development, Sustainable Development, Economic Development, as well as Security and Justice. For each pillar, a commission was established, and each helped develop a strategic plan in a comprehensive, five-stage process resulting in a number of so-called "strategic lines" (*líneas estratégicas*) (Figure 2.1).

Figure 2.1. Working method for drafting Nuevo León's Strategic Plan 2015-2030



Source: (Nuevo León Council, 2016[3]).

As a result of this work, the Effective and Transparent Government Commission (*Comisión Gobierno Eficaz y Transparente*) was given the task of working on transparency and the fight against corruption. This was identified as one of the central issues in the public consultation process, where it emerged as one of the top priorities. In addition, 47 high-priority opportunities were identified in the Strategic Plan (Table 2.1), three of which were associated with integrity and anti-corruption, namely:

- Identify and eliminate causes, conditions and factors of corruption.
- Establish processes for the detection and investigation of acts of corruption.
- Impose penalties and apply consequences under strict adherence to the law.

Table 2.1. Structure of the strategic and development plans

Long-Term Strategic Plan	State Development Plan
1 vision	1 legacy
8 central topics	5 areas
47 high-priority opportunities	45 strategic objectives
Date of publication: 3 April 2016	Date of publication: 4 April 2016

Source: PowerPoint presentation by Nuevo León Council during fact-finding mission, May 2017.

Furthermore, the Strategic Plan identifies several strategic projects also related to integrity, including:

- Create an independent anti-corruption commission with the authority to investigate, report misconducts and impose administrative sanctions.
- Define the technical requirements for the Superior Auditor of the State of Nuevo León and modify the appointment process to ensure his/her independence and effectiveness. Involve citizens to propose candidates and establish a deadline for making the decision.
- Support the appointment of an anti-corruption prosecutor and representatives of the Administrative Justice Tribunal.

Considering the idea to align Nuevo León's long-term and medium-term plans, transparency and the fight against corruption were also identified as priorities in the State Development Plan, which contains one relevant objective (Table 2.1) composed of three strategies, together with a number of "lines of action" (*líneas de acción*) for each strategy (Box 2.1). The State Development Plan also identified priority programmes that it described as addressing the "most important needs of society", including:

- a culture of reporting and investigation;
- transparency and accountability;
- the state anti-corruption system;
- a Specialised Anti-corruption Prosecutor's Office.

Box 2.1. Nuevo León's strategy for transparency and the fight against corruption, as expressed in the State Development Plan

Objective 3: Ensure transparency in public affairs, encourage accountability and combat corruption.

Strategy 3.1: Strengthen mechanisms for transparency and accountability.

Lines of action

3.1.1. Design and operate a comprehensive system that assures the citizen full exercise of the right of access to information and accountability.

3.1.2. Supervise the execution of public resources of the State Government.

3.1.3. Strengthen the structure and functioning of internal institutional control bodies.

3.1.4. Adapt the legal framework to increase transparency and effective accountability, and impose penalties where necessary.

Strategy 3.2: Monitor the fulfilment of the responsibilities and obligations of public service personnel.

Lines of action

3.2.1. Institutionalize mechanisms to encourage a culture of transparency and accountability in the state public service. Effective and transparent government.

3.2.2. Strengthen the instruments for presenting and analysing financial statements.

Strategy 3.3: Encourage institutional collaboration between the government and the oversight bodies of the three branches of government.

Lines of action

3.3.1. Strengthen the internal processes of communication and collaboration, to enhance transparency and accountability.

3.3.2. Promote the implementation of collaboration agreements between governmental institutions of the three branches of government and non-governmental organisations on transparency and accountability.

Strategy 3.4: Consolidate the State Anti-corruption System.

Lines of action

3.4.1. Prevent, identify and combat illicit conduct and administrative misconduct by public servants.

3.4.2. Ensure effective co-ordination with specialised courts and state and national anti-corruption systems.

3.4.3. Conduct targeted audits of the strategic areas of the state public administration, ensure their resolutions are binding, and set up an integrated internal control framework.

3.4.4. Promote citizen complaints through witness protection, anonymity, confidentiality and the integrity of evidence in anti-corruption investigations.

Source: (Nuevo León Council, 2016[4]).

Both the Strategic and Development Plans include a commendably extensive analysis and diagnosis of the current situation. These are informed by several surveys and statistics from domestic and international sources, such as Mexico's National Institute for Statistics and Geography (*Instituto Nacional de Estadística y Geografía*, or INEGI), the Federal Electoral Institute (*Instituto Federal Electoral*, or IFE), the World Bank, Transparency International, the Center for Research and Teaching in Economics (*Centro de Investigación y Docencia Económicas*, or CIDE), and the World Economic Forum. Indicators to measure progress towards high-priority objectives of the Strategic Plan and objectives of the Development Plan have been selected (Table 2.1). These are measured and assessed by the Nuevo León Council, which drafts an annual report that includes a qualitative analysis of advancement of strategic projects and priority programmes, identified in the corresponding strategic documents. Further accountability for the achievement of the government's strategy is ensured by the fact that a report on the implementation of the State Development Plan is included in the Executive's Annual Report (*Informe de Gobierno*). This includes results on the progress of the strategic projects and the priority programmes, as well as an update on the economic and social development of the state.

The creation and the work of the Nuevo León Council, the development of Strategic and Development Plans, and a follow-up mechanism all represent solid progress toward constructing a strategic approach to public integrity, both in terms of process and content. First, it shows strong political will to define a long-term and comprehensive strategy for the state with substantial participation from external stakeholders. Furthermore, it is based on sound analysis and evidence, which reinforce the legitimacy of the state's strategic action. Its working methodology is also laudable. The Nuevo León Council works towards the achievement of goals, programmes and cross-cutting priorities, monitored by a mix of both qualitative and quantitative indicators.

To enhance its strategy and evaluation of its progress, the Nuevo León Council and, in particular, its Effective and Transparent Government Commission could further support its overarching goals with a set of objectives which, in spite of the terminology used, seem to be missing and should define the implications of a goal in a specific context. While a goal reflects the change the strategy (or the policy) wants to induce, objectives define the implications of a goal in a specific context and should phrase one aspect of a goal positively and unambiguously in one sentence, providing the "who, when, what and where of a goal" (OECD, 2017[1]). Furthermore, the evaluation function of Nuevo León Council's strategy would benefit from defining goals (but also objectives and indicators) not only at the outcome level, as they are defined currently, but also at the output and intermediate outcome levels. While outcomes are the indirect results of a strategy (or policy) in the final sphere of desired impact, outputs are the direct results in the sphere immediately affected by the strategy (or policy), and intermediate outcomes result from the policy at the first step of corollary inference (Box 2.2).

Box 2.2. Output, intermediate outcome and outcome

When a policy is instituted, it has immediate and more remote effects. For purposes of measurement, effects are generally differentiated at the level of output, intermediate outcomes and outcome.



What resources are used? What activities are carried out? What are good practices/standards (based on experience, research etc.)?	Has the measure been implemented effectively (*de jure*)?	Is the measure being applied/used effectively (*de facto*)?	Did the measure achieve the stated goal (impact)?
Data: e.g. administrative data (number of training sessions, budget, personnel costs etc.)	Data: e.g. measure of *de jure* existence, qualitative criteria defining characteristics	Data: e.g. surveys, proxies, statistics of usage	Data: e.g. citizen/expert/staff surveys, proxies
Integrity policies			Integrity/corruption

Consider the example of a whistle-blowing mechanism. The existence of the mechanism is an obvious output of such a policy. This is no reason to quickly leave the output level behind, as there might be specific qualities of the output worth investigating. Is the mechanism implemented with complementary measures, such as awareness-raising campaigns? Is whistle-blower protection also provided?

To capture more than the on-paper (*de jure*) implementation of the whistle-blowing mechanism, monitoring could also look at the intermediate outcome level: Are staff using the whistle-blower mechanism? Are they familiar with the procedure?

To assess if the whistle-blowing policy has been effective, the outcome level should be considered. Has a culture of integrity and accountability been established, in which staff are comfortable reporting fraud, misconduct and corruption?

Source: (OECD, 2017[1]).

2.2.2. The SEANL should establish close collaboration with the National Anti-corruption System and the Nuevo León Council, to ensure coherence of the integrity policies with the other relevant strategies on integrity.

In Nuevo León, the creation of the Nuevo León Anti-corruption System (*Sistema Estatal Anticorrupción para el Estado de Nuevo León*, or SEANL) in June 2017 provided an unprecedented opportunity to develop comprehensive policies on integrity and anti-corruption issues. One of the key responsibilities of the Co-ordination Committee is to design, promote and approve the state's anti-corruption policies, as well as to establish a methodology to assess, adjust and modify them. A central role is also played by the Executive Secretariat, which is charged with elaborating the technical proposals and the

policies to the Co-ordination Committee but also the methodology to measure and to follow them up based on acknowledged and reliable indicators under the Local Anti-corruption System Law (*Ley del Sistema Estatal Anticorrupción para el Estado de Nuevo León*) (see Chapter 1.).

To leverage the strategic role of the recently created anti-corruption system in drafting state integrity policies, all the constituent bodies of the SEANL should work in close collaboration with the National Anti-corruption System (SNAC). In June 2018, the SNAC presented the first draft of the National Anti-corruption Policy. Meanwhile, the Nuevo León Council should ensure coherence with the goals, objectives and indicators laid out in the state's strategic and development documents. Furthermore, a continuous channel of communication and mutual learning with both the SNAC's bodies and the Nuevo León Council should be in place to allow for exchange of the results of the data-collecting activity. In this way, full advantage can be taken of the institutionalised learning and creation of objective knowledge that emerges from monitoring and evaluation (OECD, 2017[1]).

When discussing strategy and policies, as well as their monitoring and evaluation, the Executive Secretariat of the Nuevo León Council, which is in charge of providing technical input to the SEANL's Co-ordination Committee, should formally involve the members of its Effective and Transparent Government Commission. This co-ordination could be particularly fruitful when drafting the state integrity policies, so the Nuevo León Council can share its insights on the in-depth analytical and diagnostic work done for preparing the Strategic and Development documents. From an organisational perspective, the collaboration could take place within the consultative sub-commission dealing with prevention issues presented and proposed in Chapter 1. In these meetings it would also be highly relevant to involve the Executive Agency for the Co-ordination of the State's Public Administration (*Coordinación Ejecutiva de la Administración Pública del Estado*), which has already played a key role in ensuring coherence and co-ordination between Nuevo León's Strategic and Development Plans. Its working methodology could well serve as an example that the Executive Secretariat could follow (Box 2.3).

Box 2.3. Ensuring coherence and co-ordination between the Strategic and Development Plans of Nuevo León

Nuevo León's Strategic Plan sets out the state's long-term (15-year) vision, as well as its objectives, economic and social development strategies and strategic projects. The State Development Plan identifies medium-term priorities for the development of the state, and the strategies and lines of action that the executive branch will put into effect to achieve them. It also defines its priority programmes, setting out indicators of economic and social development. According to Article 15 of the Law of Strategic Planning of the State of Nuevo León, the Strategic Plan shall serve as a basis for elaborating the State Development Plan. For this purpose, a process was carried out to ensure the consistency of the objectives, strategies, lines of action and key projects between the two documents. Members of the Nuevo León Council and high-level government officials met on 29 occasions between 4 October 2015 and 31 March 2016. A key role was played by the Executive Agency for the Co-ordination of the State's Public Administration that, through the Directorate on Co-ordination of Public Policies, established a planning strategy through joint working groups involving high-level officials of the government entities, and inviting experts from civil society and the university to establish a dialogue and build a shared vision of future challenges, risks and strategies to achieve the objectives. Likewise, agreements were established to jointly carry out public consultations for both plans. Their meetings have continued after the release of the two strategic documents, to periodically follow up on the implementation of the strategies and projects.

Source: Law of Strategic Planning of the State of Nuevo León; (Nuevo León Council, 2017[5]).

2.2.3. The SEANL should define an action plan to implement its policies, assigning clear roles and responsibilities to public entities.

The success and effectiveness of the SEANL depends to a great extent on how active its members are in providing necessary information, and carrying out its policies. It is crucial that every entity in the public administration contributes, by embracing a strategic approach to public integrity. The state's strategy and policies should thus translate into plans at the entity level, considering context-specific factors (e.g. sector, activities, risk, etc.), while adhering to the overall goals and objectives.

Given the pivotal role of the SEANL in co-ordinating Nuevo León's institutions, its Co-ordination Committee could add another task as it defines the state's integrity policies: drawing up an action plan that lays out which entity is responsible for different tasks and the timelines for implementing them. It could also follow up on the level of compliance and reporting on the level of implementation, based on the responsibilities provided for in the SEANL Law (Article 9 (VI) and (VIII)).

Each entity could be asked to identify the most suitable way for it to comply with the general action plan, depending on the specific organisation, and its priorities and risks. The Co-ordination Committee could also thus consider requiring that all ministries – starting with the ones that are considered most at risk for corruption – set up their own plans, in line with the practice of OECD member and partner countries (Box 2.4). It would then make sure that they are aligned with its general action plan, providing guidance as these plans are drafted.

Box 2.4. Corruption prevention plans at the institutional level

Several OECD member and partner countries require that individual line ministries or departments prepare corruption prevention plans that are tailored to their organisation's specific internal and external risks. Every organisation is different, and risks for fraud and corruption vary depending on its mandate, personnel, budget, infrastructure or IT use. For example, line ministries responsible for transferring social benefits face higher risks of fraud; likewise, departments with higher public procurement spending (e.g. health or defence) may face a risk of corruption associated with this activity. In addition to ensuring that prevention policies are developed on a risk-based approach, such plans also help ensure that, where relevant, organisations' anti-corruption efforts are aligned with national and sectorial strategies.

Some countries thus complement their national anti-corruption plans with organisational-level strategies. In **Latvia**, for example, each ministry has a corruption prevention plan, with oversight from the national anti-corruption agency, or Corruption Prevention and Combating Bureau (the KNAB).

In **Lithuania**, the Special Investigation Service (SIS), an independent anti-corruption law enforcement body, is responsible for monitoring the National Anti-corruption Programme, along with the Interdepartmental Commission on Fighting Corruption, led by the Department of Justice. The SIS co-ordinates risk management activities throughout the public sector, by requiring each public institution to design its own risk map, which is submitted to the SIS for review. The SIS provides guidance and comments on improving these plans.

In **Slovenia**, the Commission for the Prevention of Corruption supports organisations in their development of unique integrity plans, which identify, analyse and evaluate risks and propose appropriate mitigation measures. The Commission urges departments to adopt an inclusive approach in developing their plans, since they were found to be an effective way of communicating shared values and enhancing an understanding of integrity. The Commission provides guidance, including sample integrity plans, on its website.

The **United States**' Office of Government Ethics (OGE) conducts reviews on government agencies' ethics programmes about once every four years. These Ethics Programme Reviews are OGE's primary means of conducting systemic oversight of the ethics programme established by the executive branch. The Compliance Division's Programme Review Branch conducts ethics programme reviews at each of the more than 130 executive branch agencies. This helps ensure consistent, sustainable ethics programmes and compliance with established executive branch ethics laws, regulations and policies. The division also provides recommendations for meaningful programme improvement. Individual reviews identify and report on the strengths and weaknesses of an agency's ethics programme, by evaluating *1)* agency compliance with ethics requirements as set forth in relevant laws, regulations, and policies; and *2)* ethics-related systems, processes and procedures for administering the programme.

In **Colombia**, individual organisations are required to establish their own risk maps and anti-corruption plans. The Anti-Corruption Statute directs public entities of all orders to produce a strategy at least annually to combat corruption and improve citizen service. These plans are based on the criteria defined by the Ministry of Transparency

of the Presidency of the Republic.

Sources: *OECD Integrity Review of Mexico City* (*forthcoming*); (OECD, 2017[6]), (OECD, 2017[7]), OECD accession report of Lithuania (not published), OECD accession report of Latvia (not published), (U.S. Office of Government Ethics, n.d.[8]).

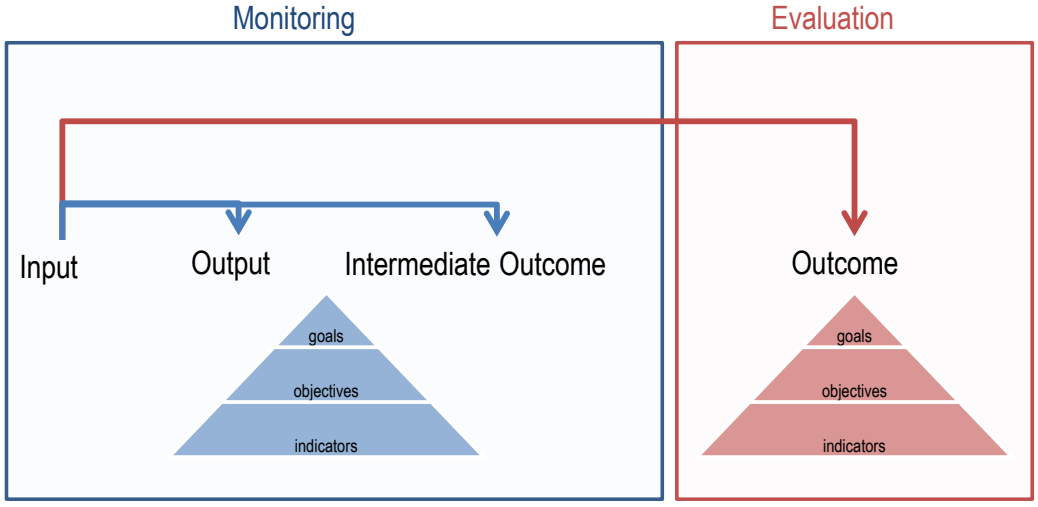
Plans at the entity level could be integrated into the entity's Annual Operational Programmes or Budgetary Programmes (*Programas Operativos Anuales* or *Programas Presupuestarios*). Their consistency with the overall strategy is ensured by the fact that they should align with the objectives of the Development Plan and of the Regional and Special Sectoral Programmes (*Programas sectoriales regionales y especiales*), under the Nuevo León Strategic Planning Law (*Ley de Planeación Estratégica del Estado de Nuevo León*). At the same time, including the integrity plans in the Annual Operational Programmes would ensure they are part of a monitoring and evaluation system that includes information on progress and achievements, and oversees the goals and objectives of the programmes deriving from the State Development Plan (the Planning, Programming and Budgeting System, *Sistema Integral de Planeación, Programación y Presupuestación*) (Nuevo León Council, 2016[4]). A key player in this process is the Executive Agency for the Co-ordination of the State's Public Administration (*Coordinación Ejecutiva de la Administración Pública del Estado*), which co-ordinates the monitoring and evaluation activity associated with the Development Plan and should therefore be fully part of the discussion over the ministerial plans within the technical discussion in the Executive Secretariat, as also suggested in previous section.

2.3. Operationalising monitoring and evaluation

2.3.1. The SEANL's methodology for monitoring Nuevo León's integrity policies should clearly define goals, objectives and indicators. It could be tested in the policy to set high standards of conduct for public officials.

A key element in setting up strategic monitoring of integrity policies is designing a good operationalisation of what is to be achieved into relevant objectives and of what is being measured into valid indicators. Each policy typically has one or many goals that reflect the desired change. These should be translated into objectives, defining the implications of a goal in a specific context. Indicators, in turn, measure whether an objective is fulfilled, and provide measures that the objectives concrete. (OECD, 2017[1]) Furthermore, goals, objectives and indicators can be defined on output as well as outcome levels, operating on multiple levels (Figure 2.2).

Figure 2.2. A multi-level model of operationalisation



Source: (OECD, 2017[1]).

The SEANL is responsible for developing a methodology to measure and follow up the development of the state's integrity policies. It is crucial that the responsible bodies, that is, the Co-ordination Committee upon proposal of the Executive Secretariat, carefully design how the different steps will proceed, and base this process on reliable and valid data. Indicators should be a valid measurement of objectives, for example, and objectives should be valid measurements of goals.

An example of strategic operationalisation is provided in Table 2.2, in association with Principle 4 of the 2017 *OECD Recommendation of the Council on Public Integrity* on setting high standards of conduct for public officials. One measure commonly used for this purpose is an Integrity Code for public officials.

Table 2.2. Example of outputs, intermediate outcomes and outcomes for an Integrity Code policy

	Output	Intermediate Outcome	Outcome
Goals	Existence of useful Integrity Code	Establish Integrity Code	Establish integrity as an organisational value.
Objectives	Integrity Code: • exists. • covers all relevant topics. • is feasible.	Public officials: • know the Integrity Code and have been trained to use it. • are initiating discussions on grey areas and ethical dilemmas. • suggest solutions. Managers use the Code as a management tool, e.g. in interviews of candidates for positions in their team, or performance evaluation interviews	Public administration staff change their behaviour and make decisions based on the rules and principles of the Integrity Code.
Example Indicator	• Identified risk areas are covered by the code. • Staff at all managerial levels have participated in focus groups for development of the Integrity Code.	• Number of integrity-related suggested improvements • Share of staff working in risk areas who have received risk-specific integrity training • All applicants for vacant positions are shown a copy of the Integrity Code before proceeding to the selection process.	• Integrity measured in staff survey

Source: (OECD, 2017[1]).

To monitor progress in the implementation of its integrity framework, the Ministry of Administration (*Secretaría de Administración*) is creating a programme, within the performance assessment system, to determine the level of ethical understanding among public officials, and to define any gap between their expected and their actual conduct. Based on the results of this programme, the Ministry of Administration will build an appropriate training programme to promote common understanding of the current integrity rules. Training sessions are also organised by the Anti-corruption Unit, in a three-part training programme (covering awareness, consolidation and implementation) carried out by a network of 500 "Agents of Change". The goal is to have reached 40 000 public officials in the state by June 2019 (see Chapter 3.).

While these initiatives are commendable, and help to assess how well integrity instruments have been assimilated, no operationalised methodology has apparently been proposed for monitoring relevant developments. The SEANL could thus test its monitoring methodology on this key policy by defining goals, objectives and indicators at the output, intermediate outcome and outcome level, as shown in the example above. In drafting the methodology, the SEANL bodies could consider conducting co-ordinating studies or surveys to measure the level of awareness of integrity among its public officials, measuring changes over time and identifying any challenges. International experience provides examples on how to measure the implementation of an ethics code using employee surveys, for example in Poland (Box 2.5) or in Canada in the context of the Public Service Employee Survey. In some cases, surveys are distributed after training sessions to measure their impact and eventually, to improve them. The preparation and evaluation of surveys and, more generally, the monitoring of integrity instruments could

be carried out by a proposed central Ethics Unit in the Office of the Comptroller and Governmental Transparency. This would be the entity in charge of developing, promoting and implementing the integrity rules (see Chapter 3.).

Box 2.5. Monitoring the implementation of the Code of Ethics in Poland

In Poland in 2014, a survey, known as the monitoring of "Ordinance No. 70 of the Prime Minister dated 6 October 2011, on the guidelines for compliance with the rules of the civil service and on the principles of the civil service code of ethics, was commissioned by the head of the Civil Service (HCS). The HCS is the central government administration body in charge of civil service issues, under the Chancellery of the Prime Minister. The survey was given to three groups of respondents:

1) members of the civil service corps

This survey examined, on the one hand, how far the ordinance had been implemented in their respective offices and, on the other hand, the civil servants' subjective assessment of the functioning of the ordinance. The members of the civil service corps completed a survey of 16 questions (most framed as closed questions, with a few allowing for comments). The questions concerned issues including:

- knowledge of the principles laid out in the Ordinance;
- the effect of the Ordinance on changes in the civil service;
- the need/advisability of expanding the list by adding new rules;
- the comprehensibility/clarity of the guidelines and principles on which the Ordinance is based; and how useful the Ordinance is for resolving professional dilemmas.

The survey also assessed the civil servants' comprehension of the principles of "selflessness" and "dignified conduct" and the need for training in compliance. Surveys were available on the Civil Service Department website. Respondents were asked to submit the survey electronically to a dedicated e-mail address.

2) directors-General, directors of treasury offices, and directors of tax audit offices

This survey was intended to verify the scope and manner of implementation of tasks for which the officials were responsible under the provisions of the ordinance, including, for example:

- the way in which compliance with the rules in the given office is ensured;
- information on whether the applicable principles were complied with in decisions authorising members of the civil service corps to undertake additional employment, or authorising high-ranking civil service employees to undertake income-generating activities;
- the way in which the given principles are embodied in the human resources management programmes being developed;
- the way the relevant principles were taken into account in determining the scope of the preparatory service stage.

3) independent experts (public administration theorists and practitioners)

This survey was intended to obtain an additional, independent specialist assessment of the functioning of ethical regulations in the civil service, to obtain suggestions on the ethical principles applicable to civil service and to identify the aspects of the management process that might need to be further supplemented or updated, clarified or emphasised or even corrected or elaborated.

The response rate differed across the three groups. The HCS received 1 291 surveys completed by members of the civil service corps (the number of completed surveys represented approximately 1% of all civil service corps members), 107 surveys dedicated to the directors (that is, 100% of all directors-general, directors of treasury offices and directors of tax audit offices (98 in total). Other surveys submitted on a voluntary basis by the head of the tax offices, and seven replies from independent experts, or approximately 13% of all experts invited to the study, were also received. These surveys were the first to be conducted on such a large scale, and the data gathered could be used to enhance the integrity policy in Poland's civil service system.

Source: Adapted from the presentation by the Polish Chancellery of the Prime Minister at the OECD workshop in Bratislava in 2015.

2.3.2. The SEANL should align the design of the integrity policies with the strategic outline of their measurement.

Monitoring not only makes it possible to measure the effectiveness of a given policy, but creates a base of institutionalised organisational learning and knowledge that can be used for policies and for government entities (OECD, 2017[1]). Internal stakeholders should also be invited to set up a monitoring system at an early stage in the planning process, since they are best placed to identify the evidence needed and to discuss the purpose of the measurement. Those who are to implement and design a policy should in particular be consulted in this process since the former can offer information on which measurement is feasible, while the latter are close to the intentions and expectations associated with the policy.

The architecture of the SEANL facilitates a horizontal discussion with a range of institutions responsible for corruption prevention and enforcement. Formal mechanisms should be established for receiving input from those in charge of designing and implementing integrity policies, in particular the various Directorates in the Office of the Comptroller and Governmental Transparency (*Contraloría y Transparencia Gubernamental*) (Table 2.3). The most appropriate venue for such a discussion might be the consultative sub-commission on prevention in the Executive Secretariat, proposed in Chapter 1. This could enhance technical discussion of SEANL's decisions and initiatives.

Table 2.3. How policy is designed and implemented in the Office of the Comptroller and Governmental Transparency

Policy design	Policy implementation
Directorate of Control and Audit of the Central Sector	Legal Directorate
Directorate of Control and Audit of the Parastatal Sector	Anti-corruption Unit
Directorate of Public-works Control and Audit	Directorate of Internal Control Bodies and Supervision
Directorate of Government Transparency and Quality	

Source: Answers to questionnaire by the government of Nuevo León (2017).

Technical consultation with those who design and implement policy should address the data, scope and time frame of the measurement, to make sure it is consistent with its defined purpose and the designated users. Just as with evaluation, effective monitoring depends on its being "designed, conducted, and reported with a sense of purpose and meets the needs of the intended users" (Johnsøn; Hechler; De Sousa; Mathisen, 2011[9]). The discussion could address methodology, including the potential alignment of the measurement with existing or future data collection. The strategic outline of the monitoring system should consider the existing data collection of the Anti-corruption Unit. The unit regularly publishes a report compiling statistics related to the progress of the actions and strategies (*acciones y estratégias*) of the Anti-corruption Plan (*Plan Anticorrupción*) (Table 2.4). Although the data collection activity of the Anti-corruption Unit is commendable and provides a useful overview of the results on some of the state's preventive and remedial actions, the data provide only a static picture of the efforts so far. They do not at present serve as useful indicators, because the Anti-corruption plan does not clearly link them to its goals. They are also not operationalised into output, intermediate outcome and outcome levels. The SEANL, which has competence to define both the policies and methodology for the corresponding indicators, could nevertheless take them into consideration. If they are deemed relevant for the measurement's overall purpose, this data could be used to help design the monitoring system, for instance by using them as indicators for the goals and objectives of certain policies. The data on trained staff, for example, could serve as an output indicator for a policy to establish integrity as an organisational value (see Box 2.3).

Table 2.4. Themes and data-collection work of Nuevo León's Action Plan

Actions and strategies	Collected data
• Citizens' complaints and rewards • Transparency in public procurement and use of reverse auction • Transparency in public works • Citizen participation in the award of public works • Single internal control system • Budget transparency • Simulated user programme • Permanent and immediate audits in strategic areas • Anti-corruption Unit • Complementary oversight and good governance actions of other entities in the public administration	• Number of "Agents of Change" trained and public officials taking part in the course-workshop "Culture of Legality and Fight against Corruption"; descriptions of other workshops and initiatives taken • Training events on internal control and number of participants; description of other related initiatives • Updates on initiatives concerning transparency in public works • Number of complaints on possible corrupt practices received, by typology (whether anonymous or not), institution, conduct • Number of disciplinary sanctions and criminal prosecutions as a result of a complaint • Number of procurement processes awarded through reverse auction, and updates on other related initiatives

Sources: (Government of Nuevo León, 2011[10]); (Government of Nuevo León, 2011[11]); (Government of Nuevo León, 2017[12]). (Government of Nuevo León, 2017[12]).

The SEANL's Executive Secretariat could also consider other elements to define the scope of the strategic outline of the measurement. These would include the most relevant policies and functions of the integrity system, whose monitoring is key to ensure its implementation and assessment. The Executive Secretariat could consider the most typical subjects of scrutiny by central governments in OECD countries, which include the existence and quality of codes of conduct, fraud risk-mapping exercises, as well as the existence of conflict of interest and asset declaration policies, and how well they are complied with (Table 2.5).

Table 2.5. Scope of evaluation of public integrity systems in OECD countries

	Elements covered by the evaluation					
	Existence of and compliance with conflict of interest policies	Existence of and quality of codes of conduct	Existence of and compliance with asset declaration policies	Existence of and quality of integrity/corruption/fraud risk mapping exercises	Existence of and strength of internal controls to mitigate corruption/fraud risks	Extent of awareness of integrity policies by public officials
Australia	●	●	○	●	●	●
Austria	-	-	-	-	-	-
Belgium	♦	●	▲	♦	▲	▲
Canada	▲	-	▲	♦	▲	♦
Chile	●	♦	●	●	●	●
Czech Republic	●	●	N/A	●	○	●
Estonia	No central evaluation of public integrity system					
Finland	-	-	-	-	-	-
France	●	●	●	♦	♦	♦
Germany	○	○	N/A	●	●	○
Greece	▲	♦	●	♦	●	●
Hungary	○	○	○	●	○	○
Iceland	○	○	○	○	○	●
Ireland	○	○	○	○	○	○
Italy	●	●	●	♦	●	-
Japan	▲	●	●	N/A	♦	●
Korea	●	●	○	●	●	●
Latvia	No central evaluation of public integrity system					
Mexico	●	●	●	-	-	▲
Netherlands	●	●	●	●	●	●
New Zealand	▲	▲	▲	▲	▲	▲
Norway	-	-	-	-	-	-
Poland	-	●*	-	-	-	●*
Portugal	No central evaluation of public integrity system					
Slovak Republic	-	-	-	-	-	-
Slovenia	●	●	●	●	●	●
Spain	●	●	●	●	▲	♦
Sweden	-	-	-	-	-	-
Switzerland	No central evaluation of public integrity system					
United Kingdom	●	▲	●	▲	♦	▲
United States	-	-	-	-	-	-
OECD total						
● Always	11	12	10	9	8	10
♦ Often	1	2	0	5	3	3
▲ Sometimes	4	2	3	2	4	4
○ Never	4	4	5	2	4	3
- Unknown/varies widely	7	7	7	8	8	7

Note: In Canada, the existence of codes of conduct is often covered by evaluations, while evaluation of the quality of codes of conduct is unknown/varies widely. In Poland, the respective evaluation has to date been conducted once, in 2014. In Australia, Austria, Canada, Hungary, New Zealand, Norway, the Slovak Republic, Sweden, the United Kingdom and the United States, elements of the integrity system are monitored and evaluated by individual entities or agencies with subject-matter expertise. Scope and methods may vary.
Source: (OECD, 2017[13]).

2.3.3. The Nuevo León Council could be charged with evaluating the SEANL's integrity policies and proposing recommendations for consideration by the SEANL's Co-ordination Committee.

To fully assess the social, economic and societal impacts of a policy, monitoring is not enough. It should be complemented by a system that can evaluate it by investigating the effects that it has, with a causal attribution. Monitoring focuses on the policy's direct and intermediate outcomes, while evaluation determines the relevance, efficiency, effectiveness, impact and sustainability of a planned, ongoing, or completed intervention, to incorporate lessons learned into the decision-making process (Zall Kusek and Rist, 2004[14]; OECD, 2010[15]; OECD/DAC, 1991[16]). More specifically, data gleaned in an evaluation can be used to inform broader political strategy and design issues ("Are we doing the right things?"), operational and implementation issues ("Are we doing things right?"), and whether better ways of approaching the problem might be found ("What are we learning?") (Box 2.6). Notwithstanding its purpose, creating a system of evaluation also requires its operationalisation into goals, objectives, and indicators at the outcome level (Figure 2.2).

Box 2.6. Evaluation purposes

Evaluation provides information on:

- Strategy: Are the right things being done?
  - rationale or justification
  - clear theory of change
- Operations: Are things being done correctly?
  - effectiveness in achieving expected outcomes
  - efficiency in optimising resources
  - client satisfaction
- Learning: Are there better ways?
  - alternatives
  - best practices
  - lessons learned

Source: (Zall Kusek and Rist, 2004[14]).

While the SEANL Law formally gives the Co-ordination Committee authority to define the "evaluation" (*evaluación*) of the state integrity policies, this task should be primarily seen as monitoring. Its results are to be included in the Co-ordination Committee's annual report, whose time frame is incompatible with the evaluation of a policy's long-term objective. A long-term objective calls for a long-term, extended time frame and targeted evaluation (OECD, 2017[1]). The policy-making task of the Co-ordination Committee, moreover, prevents it from undertaking the "accountability" function of the evaluation phase, which should be based on information of the following characteristics:

- **Impartiality**: The information should be complete, comprehensive and free of political or other bias and deliberate distortion.
- **Stakeholder involvement**: Relevant stakeholders should be genuinely consulted and involved throughout the evaluation process, so that they trust the information,

take ownership of the findings, and translate them into ongoing and new policies, programmes and projects.

- **Usefulness**: Information should be useful, meeting the purpose of the evaluation, as well as being relevant, timely and conveyed in an easily comprehensible fashion.
- **Technical adequacy**: The information should comply with relevant technical standards, such as appropriate design and sampling procedures, accurate wording of questionnaires and interview guides, appropriate statistical or content analysis, and adequate support for conclusions and recommendations.
- **Value for money**: The cost of the evaluation efforts should be proportionate to the overall cost of the initiative.
- **Feedback and dissemination**: The evaluation information should be shared and communicated in an appropriate, targeted and timely fashion (Zall Kusek and Rist, 2004[14]).

The role, composition and experience of the Nuevo León Council can help it ensure that the collection of information for evaluation best responds to these characteristics. It could thus be assigned the responsibility to evaluate the SEANL integrity policies. First, the participation of representatives from government, civil society and academia ensures that the views, expertise and perspectives of a wide range of stakeholders are taken into account, helping to ensure an objective approach to the gathering and assessment of information. The collection of additional data from ministries or entities could be facilitated by the SEANL's Co-ordination Committee. This has the broad authority to request integrity-related information from public entities (Article 9 (XI) of the SEANL Law). In addition, the data collection can be supported by the Executive Agency for Co-ordination of the State's Public Administration, which already co-ordinates monitoring and evaluation linked to the Development Plan.

Second, the Nuevo León Council has taken a leading role in shaping Nuevo León's strategic vision, which leaves it in an ideal position to gather relevant information to understand and evaluate where, when and how change can be expected.

Third, Nuevo León Council already has the responsibility for evaluating the achievement of the goals and objectives set out in the Strategic and Development Plans (Article 9 of the Strategic Planning Law), including those related to transparency and the fight against corruption (Box 2.1). In evaluating the state integrity policies, the Nuevo León Council could leverage technical experience of many years, and easily integrate it into its ongoing working methodology. The Council's annual report already addresses the SEANL together with the other priority programmes identified in the Development Plan (No. 21) under assessment. However, the assessment of this kind of programmes consists only of an analysis of developments, while the evaluation activity over the SEANL's integrity policies should be based on a set of indicators.

Lastly, the Nuevo León Council publishes its reports and offers recommendations, which allows for accountability and legitimacy of the state's efforts. If the Nuevo León Council is granted responsibility for the SEANL, additional mechanisms could be set up to increase the impact of its recommendations, for instance by ensuring that the SEANL discusses them and votes on whether to make them binding, as provided for under Article 51 of the SEANL Law.

Proposals for action

In recent years, Nuevo León has taken significant steps toward developing a strategic approach to integrity, particularly by setting up the Nuevo León Council for Strategic Planning. To strengthen the existing mechanisms and leverage the SEANL's role in policy design and monitoring, Nuevo León could consider taking the following steps:

Reinforcing the strategy to prevent corruption

- Substantiate the goals of the State Development Plan related to "Effective and Transparent Government" with a set of objectives that define the implications of a goal in a specific context. These objectives should express one aspect of a goal positively and unambiguously in a single sentence, providing the "who, when, what and where" of a goal.
- Define the goals, and also the objectives and indicators, of the State Development Plan, not only at the outcome level (indirect results of a strategy or policy) but also at the output level (direct results in the sphere immediately affected by the strategy or policy) and intermediate outcome levels (result from the policy at the first step of corollary inference).
- Involve members of the Nuevo León Council's Effective and Transparent Government Commission in the work of the SEANL Executive Secretariat in discussing issues related to strategy and policies, as well as their monitoring and evaluation. This exchange could take place in the consultative sub-commission dealing with prevention issues proposed in Chapter 1. and, when relevant, should also count on the participation of the Executive Agency for the Co-ordination of the State's Public Administration.
- Adopt an integrity action plan in the SEANL, identifying the government entities responsible and the timelines for its implementation, and following up on the level of compliance and reporting on the level of implementation, in line with the responsibilities stipulated under the SEANL Law (Article 9 (VI) and (VIII)).
- Adopt integrity action plans at ministry level, starting with those considered most at risk of corruption, and ensure that they are aligned with the SEANL general action plan. The SEANL governing bodies should provide guidance in drafting the ministry-level action plans. These plans could also be integrated into the entity's Annual Operational Programmes or Budgetary Programmes.

Operationalising monitoring and evaluation

- Design a careful operationalisation of all steps of the SEANL's methodology for monitoring integrity policies, including the definition of goals, objectives and indicators. Base the methodology on reliable and valid data.
- Test the monitoring methodology on the ongoing training and awareness-raising programme on integrity. This could include co-ordinating studies or surveys to measure the level of awareness of integrity of public officials, to measure any changes over time and to identify challenges.
- In designing the methodology to monitor integrity policies in the SEANL, establish communication and receive input from those in charge of designing and implementing integrity policies, in particular the various Directorates in the Office of the Comptroller. This exchange could take place in the consultative sub-commission dealing with prevention issues proposed in Chapter 1.

- Leverage the data collection of the Anti-corruption Unit related to the progress of the Anti-corruption Plan's (*Plan Anticorrupción*) in the design of the monitoring system by the SEANL.
- Consider assigning the Nuevo León Council the role of evaluating the SEANL's integrity policies, and evaluate SEANL's integrity policies based on a set of indicators.
- Evaluate SEANL's integrity policies based on a set of indicators and elaborate recommendation to the SEANL.
- Consider and discuss the recommendations of the Nuevo León Council in the SEANL, after evaluation of the integrity policies.

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Chapter 3. Instilling a culture of integrity in Nuevo León

This chapter identifies the strengths and weaknesses of Nuevo León's current integrity framework, focusing on public ethics and management of conflicts of interest within its public administration and providing guidelines for strengthening its institutional and normative framework. The chapter finds that the current Ethics Code and integrity rules could be revisited, moving to a more balanced approach based on evidence. Additional guidelines could be adopted to assist public officials in dealing with ethical dilemmas and conflicts of interest and to identify areas of risk in public sector activities. It is also recommended that Nuevo León consider adopting a more strategic approach toward using the declarations requirement as a way of implementing integrity policies and practices. Finally, this Chapter underlines how strengthening the recruitment process and human resources management practices can help promote integrity throughout the public administration.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

3.1. Introduction

Building an effective integrity strategy means establishing a series of rules or standards of conduct laid out in laws, regulations and codes of conduct, with enforcement mechanisms that impose sanctions if they are violated. If these are to be implemented effectively, they need to be clearly communicated to public officials, to create a shared understanding of what is expected. They also need to be incorporated into general public management policies and procedures, such as human resources and internal control (OECD, 2017[1]), and to be supported with adequate financial and human resources.

The OECD *Recommendation of the Council on Public Integrity* (OECD, 2017[2]) recognises the critical role of ethical principles and values within the integrity system. It offers guidance for decision makers and public officials on embedding high standards of conduct in the public administration. It also suggests that governments enshrine standards of integrity in their legal system and organisational policies that encourage an open culture that motivates learning and provides a clear basis for investigation and sanctions. This entails adopting a risk-based approach throughout the public ethics framework.

Interviews with public officials and an analysis of documentary sources suggest that Nuevo León, like many states in Mexico, faces a significant challenge in fighting corruption and rebuilding citizens' trust in its public organisations. As a result, it has adopted various initiatives with the support of civil society organisations. Among such initiatives, Nuevo León has adopted a new Ethics Code in a participatory process. It also amended its Constitution to create new anti-corruption institutions as well as its Law of Responsibilities of Public Servants of the State and Municipalities of Nuevo León (*Ley de Responsabilidades de los Servidores Públicos del Estado y Municipios de Nuevo León*, or LRSPEMNL) and enacted the State Law on Anti-corruption (*Ley Estatal del Sistema Local Anticorrupción*, the SEANL Law). All these legal changes were supported by civil society organisations, and could be further enhanced to build a strong integrity framework that promotes public ethics throughout Nuevo León's public administration.

3.2. Strengthening the normative framework for public ethics and conflicts of interest

3.2.1. Nuevo León could consider revising its Ethics Code using a values-based approach, with clear ethics and conflict of interest rules that are consistently enforced.

Ensuring that the integrity of the public administration is not compromised by the behaviour of public officials requires an ethics law or code that articulates ethical boundaries and the conduct expected of them. It also calls for a clear, coherent and consistent approach on managing conflicts of interest. These rules should encourage desirable behaviour over undesirable or corrupt behaviour. Various approaches can be proposed, including a compliance or rules-based approach and a values-based approach.

While a rules-based approach provides a range of enforcement mechanisms based on the severity of public officials' misconduct, a values-based approach is often aimed at inspiring integrity through raising awareness of ethics, public sector values, and the public interest, and adherence to codes of ethics or guiding principles. International experience shows that integrity policies are most successful when these two approaches are combined and well-balanced. The relative importance of each approach will depend

on the social, political and administrative context, and on the history of the organisation concerned (OECD, 2017[3]).

Ethics codes are rooted in a values-based approach and generally focus on general values rather than specific guidelines for a desired behaviour. They emphasise the organisational members' capacity for independent moral reasoning, rather than telling them what to do. Training, assistance and support with the application of these values in their daily work are usually offered as a corollary. Conflict of interest rules are an inherent part of the Ethics Code and intrinsic to government integrity. They thus need to acknowledged as an integral part of everyday tasks. Everybody has interests, but they must be properly managed and defined (OECD, 2017[4]), with guidance offered to public officials if the need arises.

Nuevo León's integrity framework currently consists of values, principles and rules laid out in a variety of legal provisions (see Table 3.1). The Ethics Code (*Código de ética*) adopted in August 2016 replaced the Ethics Code of 2005 and the Code of Conduct issued in June 2014.

Table 3.1. Key legislation regulating public officials' standard of conduct

Legal provisions	Descriptions
Constitution of Nuevo León, published in the Official Journal on 16 December 1917	Article 105 onward lays out the pillars of the integrity system, establishes the administrative disciplinary framework and creates the institutional arrangements for the new local anti-corruption system.
SEANL Law (*Ley del Sistema Local de Anticorrupción de Nuevo León*), enacted 6 July 2017	In addition to creating the local anti-corruption system, this law sets out public service values and requires public sector entities to maintain structural and normative conditions that enable ethical and accountable behaviour amongst all public officials.
General Law of Administrative Responsibilities (*Ley General de Responsabilidades Administrativas*, or LGRA)	Articles 26 to 42 establish, among other things, the obligation to submit a declaration of conflict of interest as well as fiscal and assets declarations. These will be made available in the National Digital Platform. Articles related to aspects other than the conflict of interest declaration will not apply in Nuevo León, since they are regulated by the LRSPEMNL. This law defines what constitutes a conflict of interest. The third transitory provision notes that this law aims to guide the behaviour of public officials working at the federal level and in the states, until the Co-ordination Committee of the National Anti-corruption System (*Sistema Nacional Anticorrupción*, or SNAC) issues the guidelines, criteria and other resolutions for the new anti-corruption system.
Law of Responsibilities of Public Servants of the State and Municipalities of Nuevo León (*Ley de Responsabilidades del Estado y Municipios de Nuevo León*, or LRSPEMNL) enacted 29 January 1997 and amended on various occasions.	Article 50 sets out prohibited conflicts of interest in the context of the exercise of public officials' duties, such as prohibited activities, recusal, acceptance of gifts and misuse of insider information, undue influence and prohibition of use of public funds for political purposes, as well as applicable sanctions for violations of integrity rules. It does not, however, include clear rules on pre- and post-employment, or define what constitutes a conflict of interest. Articles 51 onward lay out the regime for disciplinary sanctions.
Organic Law of the Public Administration of the State of Nuevo León (*Ley Orgánica de la Administración del Estado de Nuevo León*), whose most recent version dates to 8 April 2016	Article 33, Clause XVIII, describes one of the functions of the Office of the Comptroller and Governmental Transparency and sets out the principles that should guide officials in serving the community.
Ethics Code (*Código de ética*) enacted in accordance with Article 140 of the LRSPEMNL in August 2016	This Code includes three articles. Article 1 refers to seven principles and integrity rules that should guide the conduct of public servants. It also stipulates that its dissemination will be the responsibility of the Office of the Comptroller, and that an Ethics Committee will be set up to analyse and provide opinions on possible violations of its rules.
Law to Promote Reporting on Corrupt Acts of Public Officials (*Ley para Incentivar la Denuncia de Actos de Corrupción de Servidores Públicos*), enacted 30 June 2013	Article 2 defines what constitutes a corrupt act and refers to contraventions of Article 50 of the LRSPEMNL with the purpose of obtaining undue advantage for the public official and/or a third party. It also defines who is considered a public servant for the purpose of its application. Article 9 requires public officials to report a corrupt act to a superior or the Office of the Comptroller and provides that failure to comply with this obligation constitutes an administrative fault. It also includes a series of protection measures that could be introduced to protect public servants or citizens who report misconduct or corrupt acts.
Law to Promote Values and a Culture of Legality in Nuevo León (*Ley para la Promoción de Valores y Cultura de la Legalidad*), enacted in 2007, whose most recent version dates from 28 March 2017	This Law sets out a policy intended to improve citizens' behaviour, the proper use of language by public officials and the operation of public and private institutions within the state, in accordance with the rule of law. It creates a Council to Promote Values and a Culture of Legality of the State (*Consejo Estatal para la Promoción de Valores y Cultura de la Legalidad*, or CEPVCL) in Nuevo León. This council, chaired by the governor of the state and made up of representatives of organisations from the public, private and social sectors, will propose and monitor the enforcement of public policies, programmes, projects and government actions to promote a culture of legality in the public service.

Source: OECD, based on information provided by Nuevo León.

The Ethics Code, adopted thanks to the participation of various stakeholders, includes a set of rules of conduct linked to seven ethics standards written in plain and easily comprehensible language (see Box 3.1). This has facilitated its dissemination amongst public officials. Its first ethical precept (No to corruption) states that public officials should declare any possible conflict of interest, to preserve their impartiality in seeking the public interest. However, it does not define what constitutes a conflict of interest or state how to properly manage such a situation. Although the Code includes rules on gifts and the proper use of public funds, and other situations that could lead to conflicts of interest, it does not set out procedures for its enforcement and systematic monitoring.

Box 3.1. The participatory process to adopt the Ethics Code of Nuevo León

The Ethics Code was adopted in August 2016, thanks to the participation of various stakeholders, in a procedure different from that adopted at the federal level and in other Mexican states. Liaison groups were created in the central ministries and parastatal entities of the public administration, which met every two weeks for a year. The effort was co-ordinated by the Executive Agency for the Co-ordination of the State's Public Administration (*Coordinación Ejecutiva de la Administración Pública del Estado de Nuevo León*) to address different aspects of organisational culture. The code was drafted to replace the previous one dated 2005, as well as the 2014 Code of Conduct.

In drafting its Ethics Code, Nuevo León took into consideration the Model of the Code of Ethics and Integrity Rules (*Modelo de Código de Ética y Reglas de Integridad*) drawn up jointly by the Permanent Commission of State and Federal Comptrollers (*Comisión Permanente de Contralores Estados-Federación*) and the Ministry of Public Administration (*Secretaría de la Función Pública*, or SFP). Seven ethics standards were developed by each liaison group, and hypothetical scenarios were discussed to better understand its content and scope.

To draft the Ethics Code, public officials were assisted by an ethics specialist from the Superior Technological Institute of Monterrey (*Instituto Tecnológico y de Estudios Superiores de Monterrey*, or ITESM), who led the drafting process. The goal was to have a punctual and succinct Code, easy to communicate and understand, and inspiring behaviour based on commonly shared values.

The Code declares that its main purpose is to uphold the values of legality, honesty, loyalty, impartiality and efficiency in the exercise of the duties and functions of public officials. Public officials are required to comply with Nuevo León's legal system, which regulates the public service as well as the seven ethics standards and integrity rules. Each ethical standard describes, in a not exclusive way, three expected modes of conduct with which public officials should comply, so as not to contravene any of the ethics standards. The seven ethics standards are: no to corruption; service; respect and empathy; austerity and sustainability; innovation and efficiency; inclusion; fair and swift decision; and transparency.

It applies to all individuals who work and are paid with public resources, for as long as they are engaged in public service activity. While the ethics rules are written in plain and clear language in the Code, it nevertheless does not include a definition of what constitutes a conflict of interest, although it says that public officials should declare any such conflict.

The Ethics Code was issued and publicly subscribed to by all public officials at a public ceremony. At this ceremony, the governor and high-ranking officials signed a wall that carried a reproduction of the content of the Code. Since then, the Ethics Code has been distributed both by the Executive Agency for the Co-ordination of the State's Public Administration and the Office of the Comptroller.

Source: OECD, based on information provided by Nuevo León.

The Ethics Code essentially embodies a values-based approach, ensuring that public officials will act beyond simply avoiding integrity violations, but it does not have binding

authority to ensure minimal ethical behaviour. It could thus be revisited to move toward a balanced approach, ensuring that it is applied to officials' daily activities and is enforced in case of any violation. Its values and principles could also be harmonised with the other laws of Nuevo León's integrity framework (see Table 3.2) and could refer to a broad number of public sector core values.

Table 3.2. Ethical values and principles embodied in Nuevo León's integrity framework

State Law on Anti-corruption of Nuevo León	Law of Responsibilities of Public Servants of the State and Municipalities of Nuevo León (LRSPEMNL)	General Law of Administrative Responsibilities (LGRA)	Organic Law of the Public Administration of the State of Nuevo León	Ethics Code 2016
Article 5: legality, objectivity, professionalism, honesty, loyalty, impartiality, efficiency, efficacy, equity, transparency, economy, integrity and competency based on merit	Article 50: legality, honesty, loyalty, impartiality and efficiency Article 140: refers to the Ethics Code as an instrument for safeguarding the values cited above.	Article 7: discipline, legality, objectivity, professionalism, honesty, loyalty, impartiality, integrity, accountability, efficacy and efficiency	Article 33, Clause XVIII: legality, efficiency, honesty, transparency and impartiality	Recital 4 of the Agreement enacting the Ethics Code: legality, honesty, loyalty, impartiality and efficiency

Source: OECD, based on information provided by Nuevo León.

Nuevo León needs to link each principle laid out in the Ethics Code to core public sector values, and to issue a single coherent set of rules for public officials. Under this set of core values, which could be reduced in number, further specific standards of conduct could be specified to provide guidelines for applying values when necessary. The Ethics Code could refer to the value of loyalty, which involves promoting the public interest, and to public integrity, set out in the State Law on Anti-corruption and defined as the consistent alignment of, and adherence to, shared ethical values, principles and norms, to uphold and prioritise the public interest over private interest in the public sector (OECD, 2017[1]). Another issue that merits further discussion is how the value of competency based on merit, referred to in the State Law on Anti-corruption, could be integrated into it.

Breaches of integrity rules in Nuevo León are sanctioned under the LRSPEMNL, which could also be amended to reflect the rules set out in the General Law of Administrative Responsibilities (*Ley General de Responsabilidades Administrativas*, or LGRA), whose Articles 16 and 49 establish sanctions in case of ethical violations. The LRSPEMNL thus needs to link the values and principles of the Ethics Code to the appropriate sanction, since the integrity framework needs both a values reference and an enforcement mechanism. Nuevo León could consider that the LGRA has placed the onus on public officials and their managers to come forward, report and resolve conflicts of interest. To ensure clarity over the rules, Nuevo León also needs to consider that conflicts of interest involve grey zones that can provide opportunities for public officials to take advantage of their position for their own benefit, or for the benefit of a third person. If not properly managed, this can lead to corruption. Thus, the code should make clear that both apparent and potential conflicts of interest must be considered, since they may raise doubts over the integrity of public officials and their public sector organisation.

The current fragmentation of the integrity framework may also make it difficult for public officials to comply with these rules. As a medium-term objective, the Ethics Code could be revised, and the SEANL Co-ordination Committee could adopt a single policy framework addressing public ethics and the management of conflicts of interest, harmonising the existing laws and the Ethics Code into one single coherent regulation

that provides public officials the standards by which they orient themselves, and by which they can be held accountable. This future Ethics Code could include a brief, explanatory definition of conflict of interest rather than refer only to the definition included in the LGRA, or to the mechanisms set out in the LRSPEMNL, until it can be enforced. In this context, Nuevo León could consider the guidelines employed by such countries as Canada, New Zealand and Portugal (Box 3.2). As it goes about making these changes, Nuevo León could continue to employ its participatory procedures, to ensure buy-in from different stakeholders.

Box 3.2. Definitions of conflict of interest in Canada, New Zealand and Portugal

In its 2003 Guidelines for Managing Conflict of Interest in the Public Service, the OECD proposes the following definition: A conflict of interest involves a conflict between the public duty and private interests of public officials, in which the public officials haves private-capacity interests which could improperly influence the performance of their official duties and responsibilities.

Canada

Canada's Conflict of Interest Act (S.C. 2006, c.9, s.2) states "a public office holder is in a conflict of interest when he or she exercises an official power, duty or function that provides an opportunity to further his or her private interests or those of his or her relatives or friends or to improperly further another person's private interests" (Article 4). The Act also specifies the general duty expected of public servants in Article 5: "Every public office holder shall arrange his or her private affairs in a manner that will prevent the public office holder from being in a conflict of interest." While the Conflict of Interest Act is primarily aimed at elected and other senior officials, the Treasury Board Code of Values and Ethics applies this definition and similar responsibilities to every public servant in government.

New Zealand

In New Zealand, the definition of conflict of interest is tailored to targeted groups, such as public servants, ministers or board members of crown companies. Nevertheless, these definitions include common features. For example, they all cover actual and perceived as well as direct and indirect conflicts. In addition to the general definitions developed for the targeted groups outlined here, supplementing documents also list possible types of conflicts of interest, and concrete practical examples.

For public servants: "Conflicts of interest are defined as, … any financial or other interest or undertaking that could directly or indirectly compromise the performance of their duties, or the standing of their department in its relationships with the public, clients, or ministers. This would include any situation where actions taken in an official capacity could be seen to influence or be influenced by an individual's private interests (e.g. company directorships, shareholdings, offers of outside employment). […] A potential area of conflict exists for public servants who may have to deal directly with members of Parliament who have approached the department in a private capacity" (Code of Conduct).

For ministers: "Conflicts of interest can arise because of the influence and power they wield – both in the individual performance of their portfolio responsibilities and as

members of Cabinet. Ministers must conduct themselves at all times in the knowledge that their role is a public one; appearances and propriety can be as important as actual conflict of interest in establishing what is acceptable behaviour.

A conflict of interest may be pecuniary (that is, arising from the Minister's direct financial interests) or non-pecuniary (concerning, for example, a member of the Minister's family) that may be either direct or indirect" (Cabinet Manual).

For board members of Crown companies, a conflict of interest is defined as a situation in which a board member is "party to, or will or may derive a material financial benefit from" a transaction involving his or her company (The Companies Act 1993, Part VIII, Sections 138 and 139).

Portugal has established a brief and explanatory definition of conflict of interest in the law: conflict of interest is an opposition stemming from the discharge of duties where public and personal interests converge, involving financial or patrimonial interests of a direct or indirect nature.

Sources: (OECD, 2004[5]) (Treasury Board of Canada, 2011[6]).

3.2.2. Nuevo León could also consider adopting additional guidelines to assist public officials in dealing with ethical dilemmas and conflicts of interest.

In adopting its Ethics Code in a participatory way, Nuevo León has exceeded the procedures that the federal government and other states in Mexico have employed to socialise their integrity rules. This has increased staff members' feelings of "ownership of the code" (OECD, 2009[7]), and increased buy-in from public officials working in the central administration. Other efforts have also been made to familiarise public officials working in parastatal entities with the code, such as requiring newly recruited officials to subscribe to the Ethics Code by signing a statement of commitment, and also to ensure common understanding of the ethics rules.

Despite these efforts, Nuevo León's integrity framework needs further work to guarantee that it is fully implemented and internalised by all public officials. Interviews with public officials indicate that some believe the Ethics Code is a formal declaration of ethical priorities rather than a guide for public officials' behaviour, and that it has not yet been systematically integrated into public officials' daily work.

The interviews also suggest that while the current legislative framework includes some provisions for managing conflicts of interest, public officials do not have a clear understanding of their implementation. They do not distinguish between the written declarations that will be uploaded on the future Digital Platform to be created at the federal level and the disclosure that they should submit to superiors if a conflict of interest arises. To help implement the integrity rules, Nuevo León could consider adopting further guidelines advising public officials on how to resolve ethical dilemmas and conflicts of interest in plain language. It could also develop their ethical reasoning skills in dilemma situations such as those involving conflicts of interest, as is typical in such countries as Australia and Canada (see Box 3.3 and Box 3.4).

Box 3.3. Australia's guidelines for public officials facing ethical dilemmas

The Australian Government developed and implemented strategies to enhance ethics and accountability in the Australian Public Service (APS), such as the Lobbyist Code of Conduct, the register of "third parties", the Ministerial Advisors' Code and the work on whistle-blowing and freedom of information.

To help implement the ethics and integrity regime, the Australian Public Service Commission has enhanced its guidance on APS Values and Code of Conduct issues. This includes integrating ethics training into learning and development activities at all levels.

To help public servants in their decision-making process when facing ethical dilemmas, the Australian Public Service Commission developed a decision making model. The model follows the acronym REFLECT:

1. REcognise a potential issue or problem

Public officials should ask themselves:

a. Do I have a gut feeling that something is not right or that this is a risky situation?
b. Is this a right versus right or a right versus wrong issue?
c. Recognise the situation as one that may involve tensions between APS values or the APS and their personal values.

2. Find relevant information

a. What was the trigger, and what are the circumstances?
b. Identify the relevant legislation, policies and guidance (APS-wide and agency-specific).
c. Identify the rights and responsibilities of relevant stakeholders.
d. Identify any precedent decisions.

3. Linger at the 'fork in the road'

a. Talk it through, use intuition (emotional intelligence and rational processes), analysis, listen and reflect with supervisors, respected colleagues, peers or support services, remember privacy.

4. Evaluate the options

a. Discard unrealistic options.
b. Apply the accountability test. Would the decision stand up to public scrutiny/independent review?
c. Be prepared to explain the reasons for your decision.

5. Come to a decision

a. Come to a decision, act on it and make a record if necessary.

6. Take time to reflect

a. How did it turn out for all concerned?
b. Learn from your decision.

If you had to do it all over again, what would you do differently?

Source: Office of the Merit Protection Commissioner (2009), "Ethical Decision Making", http://www.apsc.gov.au/publications-and-media/current-publications/ethical-decision-making.

Box 3.4. Canada's guidelines for ethical decision making

In Canada, the Values and Ethics Code for the Public Sector (Public Sector Code) describes for public servants at all levels the values and ethical practices that guide direction, decision making and behaviour. In 2013, Canada published an online discussion guide to ensure that this Code does not remain words on a page but becomes living principle, practised every day both among its public servants in the workplace and in the work they do for Canadians.

The purpose of this online document is to demystify the Public Sector Code, help stimulate thinking and dialogue about how best to apply its values, and provide examples that demonstrate the expected behaviour associated with those values. This guide also includes definitions of some key terms, questions and answers about the Public Sector Code, and suggestions for stimulating discussion in public servants' workplace.

The guide intends to help public servants integrate the concepts found in each value statement into all areas of their work lives, from day-to-day decision making to policy development to regular operational work, no matter what level or position they occupy.

The Government of Canada's online guide offers insights to guide its public servants on how to make ethical decisions:

Eight steps to ethical decision making

1. Gather the facts: Collect as much information as you can – what you know and what you do not know, and do not jump to conclusions.

2. Define the ethical issues: What is the main ethical concern in this situation? Check with the Public Sector Code and your organisational code, and identify the key organisational values that may be at stake.

3. Follow the rules: Review directives, departmental and Treasury Board policies, guidelines, laws and regulations to see what is relevant to the situation. Your decision must be legal and in line with the appropriate policies and legal authorities.

4. Determine who will be affected by your decision: Seeing a situation through another person's eyes is an important skill. Identify the people or groups that could be affected by your decision and try to see their point of view (citizens, businesses, clients, colleagues, management, branch, department, minister, media and others). Ask yourself, "Will everyone affected by this decision be treated with fairness and equity? Is this option in line with the public interest? What would taxpayers think?"

5. Identify your responsibilities and the consequences of your choice: Think about your possible choices. What are the risks and impacts (short and long term) associated with each one? Ask yourself, "What message would I be sending or what perceptions could be created by whatever option I choose?" Consider your reaction if the choice of action affected you.

6. Consider your character and integrity: Are you comfortable with your decision, and can you be proud of it? Will your decision promote ethical behavior in the organisation? Is your decision worthy of the public interest?

7. Confirm your decision: Talk to your manager or consult the appropriate departmental advisor (i.e. from Labour Relations, Finance, Information Technology, etc.) and/or your organisation's Ethics Directorate.

8. Commit to action: Take action and be ready to stand by your decision. When the dilemma has been resolved, it is a good idea to consider lessons learned for next time. Share your experience with colleagues, which is always a good way to begin a dialogue on ethics and values with your peers.

Source: Government of Canada, *Values Alive: A Discussion Guide to the "Values and Ethics Code for the Public Sector*, https://www.canada.ca/en/treasury-board-secretariat/services/values-ethics/code/values-alive-discussion-guide.html#Toc11 (accessed 22 June 2017).

It is helpful to set out clear, realistic descriptions of the kind of circumstances and relationships that can lead to a conflict of interest, noting a range of examples of private interest at risk, unacceptable conduct and relationships. Without pretending to cover all situations, this can help public officials better identify relevant situations. This guidance should also include descriptions of situations and activities that can lead to actual, apparent and potential conflicts of interest and be aligned with the overarching principles of public sector values (see Box 3.5).

Box 3.5. Resolving an apparent conflict of interest issue in Canada

Integrity in action: An example of an ethical dilemma

Situation

Hélène is a public servant in an agency that provides counselling and federal government financial assistance to senior citizens. She has been in her position for many years, and, in addition to her expertise, Hélène loves her job. She takes pride in providing her clients the best service possible, and she is always careful to be impartial in her dealings. As a result, Hélène has developed a solid professional reputation and excellent relationships with her clients. Hélène was saddened to hear of the death of one of her clients, Mr. Beaulieu, but was very surprised several months later when she was informed that Mr. Beaulieu had left her his retired racehorse in his will. They had often discussed their mutual love of horses, but she had no idea that Mr. Beaulieu was going to do this, and she would have never asked him for anything. Not knowing what else to do, Hélène immediately reported the matter to her agency's conflict of interest office to seek advice.

Possible steps for resolution

Seeking help from her organisation on this decision was certainly a helpful first step. The analysis to follow could include questions around the nature of the gift and whether it could be considered "minor." Also, if Hélène accepted the gift, would it compromise her integrity or the integrity of her agency? Would it appear to do so? Any appropriate solution should take the answers to these questions into consideration.

Things to think about

This is an example of how sometimes, by doing no more than being excellent at their jobs, public servants can find themselves in a conflict of interest. A conflict of interest does not imply that there was any wrongdoing, but simply that the situation presents competing interests, or in this case, the appearance of competing interests. Under the Public Sector Code, it is as important to avoid apparent conflicts of interest as it is to avoid real or potential conflicts of interest.

In the actual case upon which this scenario is based, the Federal Court of Appeal upheld the department's instruction to the employee to return the legacy. It was not because the employee had committed misconduct, but rather, that accepting the legacy and the appearance of a conflict of interest could erode the public's confidence and trust that the decisions made by public servants in such sensitive areas are based on the highest standards of impartiality and integrity.

Source: Government of Canada, *Values Alive: A Discussion Guide to the "Values and Ethics Code for the Public Sector"*, https://www.canada.ca/en/treasury-board-secretariat/services/values-ethics/code/values-alive-discussion-guide.html#Toc11 (accessed 22 June 2017).

These proposed guidelines could be considered a complementary measure to the initiatives already in effect. To ensure their implementation, the SEANL Co-ordination Committee could ask the Office of the Comptroller to conduct surveys amongst all public officials, to assess which kind of recurrent scenarios and ethical dilemmas arise when applying the integrity framework. The dissemination of these new proposed rules will require co-ordination between the Executive Agency for the Co-ordination of the State's

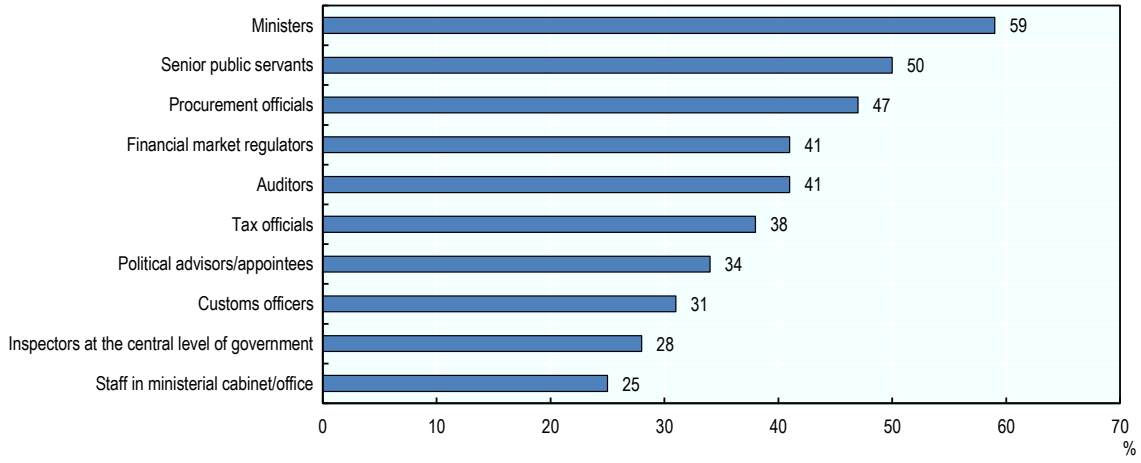
Public Administration (*Coordinación Ejecutiva de la Administración Pública del Estado*) and the directorates in the Office of the Comptroller in charge of the prevention function.

3.2.3. Nuevo León could identify areas of risk to make sure its integrity policy prevents conflict of interests from arising and deters corruption.

Ensuring clear normative guidance also requires considering the specific risks associated with sensitive processes (e.g. procurement, selection of methods for tendering or modifying of rewarded contract promotion of staff members, inspection, etc.) and sensitive functions (typically staff members responsible for sensitive processes or decision making in general) (OECD, 2009[7]). Most OECD countries have defined the areas most at risk and provided specific guidance to prevent and resolve conflicts of interest. These areas are related to sensitive activities where citizens have reported high levels of corruption, such as the administration of justice, tax and customs administrations and officials working at the political/administrative interface (see Figure 3.1).

Figure 3.1. Conflict of interest policy/rules for categories of public officials in OECD countries

In percentage



Source: (OECD, 2014[8]).

Nuevo León's integrity framework does not include clear rules to guide public officials working in areas most at risk. These might include public safety and public procurement, as well as sensitive positions, for instance those of high-ranking decision makers where specific ethics codes have not been adopted. Integrity rules for public procurement officials are dispersed through various other laws, such as for instance, the Law on Procurement, Leases and Contracting Services of the State of Nuevo León (*Ley de Adquisiciones, Arrendamientos y Contratación de Servicios del Estado de Nuevo León*, or LAACS) and the Law on Procurement, Leasing and Services in the Public Sector (*Ley de Adquisiciones, Arrendamientos y Servicios del Sector Público*, or LAASSP).

In setting up its new integrity framework, the SEANL Co-ordination Committee could therefore ask the Office of the Comptroller to identify the most risky areas and provide a manual on ethics and conflicts of interest specific to, for instance, officials participating

in public procurement activities or other government activities. This would help them identify these situations and make the appropriate decisions. In addition, as a complementary measure, the Co-ordination Committee could encourage the development of codes at organisational levels, recognising that public sector organisations face different contexts and kinds of work and distinct ethical dilemmas and conflicts of interest. The challenges public officials face differ significantly if they work in the Ministry of Public Administration (*Secretaría de Administración*), the Ministry of Finance (*Secretaría de Finanzas y Tesorería General del Estado*), the Ministry of Health (*Secretaría de Salud*) and other entities with regulatory and supervisory functions. The suggested specific risk-based guidelines could complement the proposed organisational codes. However, both should apply to all public officials and employees independently of their contractual status, since they need to have the same level of knowledge and receive the same basic guidance and training.

3.2.4. In revisiting its Ethics Code and conflict of interest policy, Nuevo León could include sanctions to ensure the credibility of its public sector values and consistency with the disciplinary system.

Establishing clear integrity rules requires provisions clearly specifying the sanctions for violations, which should be effectively communicated to all public officials. These enforcement measures, applied timely and fairly, can lend credibility and legitimacy to the integrity framework and help instil integrity values in public sector organisations. This will help restore citizens' trust, as the government sends a message that it is serious about upholding the public interest in public decision-making. In OECD countries, the sanctions usually applied for violating conflict of interest policies are disciplinary and criminal prosecution and the cancellation of affected decisions and contracts (see Box 3.6).

Box 3.6. Setting proportional sanctions for violating conflict of interest policies

The nature of the position is taken into consideration when countries determine appropriate personal consequences for breaching conflict of interest policy. The following list of personal consequences indicates the variety of severe sanctions applied to different categories of officials in Portugal:

- loss of mandate for political and senior public office holders, advisers or technical consultants;
- immediate removal from office and return of all sums that have been received for ministerial advisors;
- three-year suspension of senior political duties and senior public duties for senior civil servants;
- loss of office, for managerial staff;
- fines and inactivity or suspension for civil servants and contractual staff.

Source: (OECD, 2004[9]).

The LRSPEMNL does not establish the appropriate sanction in case of breaches of ethical standards. It is not properly linked to the Ethics Code, which is also silent in this respect. In addition, although certain conflicts of interest are sanctioned under this law, it is not clear what the applicable sanctions would be, since its determination is discretionary and could generate inconsistencies. The applicable sanctions might be disciplinary, administrative or economic. Disciplinary sanctions might consist of warnings and reprimands that could be private, in which case they are communicated in writing or verbally to the public officials, or public, in which case they will be part of the human resources file and registered in the Registry of Public Servants who have been sanctioned and disqualified. Possible administrative sanctions could result in suspension, removal or disqualification of public officials from their positions. Economic sanctions can also be imposed in addition to these sanctions and range from fines to restitution for damages caused. If any of the breaches to these integrity rules entails illicit enrichment, the contravention is prosecuted under the Criminal Code of Nuevo León, which imposes sanctions that range from three months to 14 years of imprisonment and fines.

This lack of clarity on the appropriate sanction in cases of conflict of interest was confirmed in interviews with public officials, who are apparently not always aware that a conflict of interest policy is in effect and that any breach of the existing rules is subject to sanctions. They appear to believe that it will not be implemented until submitting a declaration form in the context of the SEANL becomes an obligation. Some expressed concern that this might constitute a challenge for managers, because they will not have access to their subordinates' declarations of interest. In their view, this will make it difficult to manage conflicts of interest appropriately.

To clarify and lend credibility to its new integrity system, Nuevo León could thus consider two options in revisiting the Ethics Code and the LRSPEMNL:

- Clearly link the integrity rules with accountability mechanisms, to make public officials aware of the responsibilities of their conduct, as provided in Italy (Article 53 of Legislative Decree 165/2001) and Jordan's Code of Conduct, whose Article 3 stipulates: "Any violation of the provisions of the Code requires accountability and to take disciplinary action and penalties in accordance with the rules of the system" (OECD, 2010[10]).
- Ensure that the duty or obligation mentioned in the Ethics Code is linked to the disciplinary framework that stipulates the appropriate sanction in line with the principles and conditions governing the disciplinary action in Nuevo León (e.g. due process, legality and proportionality).

Data published by the Anti-corruption Unit shows that sanctions for contravening the LRSPEMNL have been imposed but do not provide information on whether they were imposed for a breach of ethical principles and values of the public service or for not properly disclosing and managing a conflict of interest (see Table 3.3). This data does not show whether the sanctions imposed qualified as administrative serious offences, since the current integrity framework does not make a clear distinction between serious and non-serious offences, stating only that contraventions committed with malice are to be considered serious. Fines imposed are apparently related to breaches of the obligation to submit the assets declaration within the specified deadlines. Nuevo León could benefit from disclosing the reasons for imposing sanctions because this will send a clear message to public officials and citizens that the government is taking steps to deter misbehaviour in the public sector.

Table 3.3. Administrative and disciplinary sanctions imposed in Nuevo León

October 2015 – January 2017	
Warnings	11
Reprimands	5
Fines	3
Compensatory sanctions	14
Suspensions	1
Disqualifications	17
Total	51

Source: (Office of the Comptroller and Governmental Transparency,(n.d.)[11]).

In revisiting its integrity framework, Nuevo León could consider the distinction made in the LGRA, which differentiates between serious and non-serious offences (see Box 3.7).

Box 3.7. Classification of serious and non-serious offences under Mexico's General Law of Administrative Responsibilities (which took effect in July 2017)

Articles 49 and 50 of the LGRA define **non-serious offences** as acts and/or omissions that concern:

- fulfillment of an official's functions, powers and entrusted duties while observing performance, discipline and respect, both to other public servants, as well as to individuals with whom they come in contact, under the terms of the Ethics Code;
- reporting acts or omissions they may come across in the course of their duties, which could constitute administrative offences;
- following the instructions of their superiors, as long as they are consistent with the provisions related to public service and do not constitute administrative offences;
- submitting timely asset, interest and tax declarations, as required by law;
- registering, integrating, storing and caring for documentation and information that is their responsibility, and preventing or avoiding its use, disclosure, theft, destruction, concealment or improper irreparable damage to it;
- supervising and ensuring that public servants under their direction comply with the provisions of the LGRA;
- being able to account for and report on the exercise of their functions, as defined by relevant policies and laws;
- collaborating in judicial and administrative proceedings to which they may be party;
- ensuring, before the conclusion of procurement contracts, disposal of all kinds of goods, provision of services of any nature or hiring public services or related to work, that the individual in question is not already under employment, office or commission in the public service. Or, in the case that they are, that this does not impose a conflict of interest as defined by Law;
- damaging or neglecting, without incurring any of the serious administrative offenses outlined as serious offences, the Treasury or the capital of a public entity.

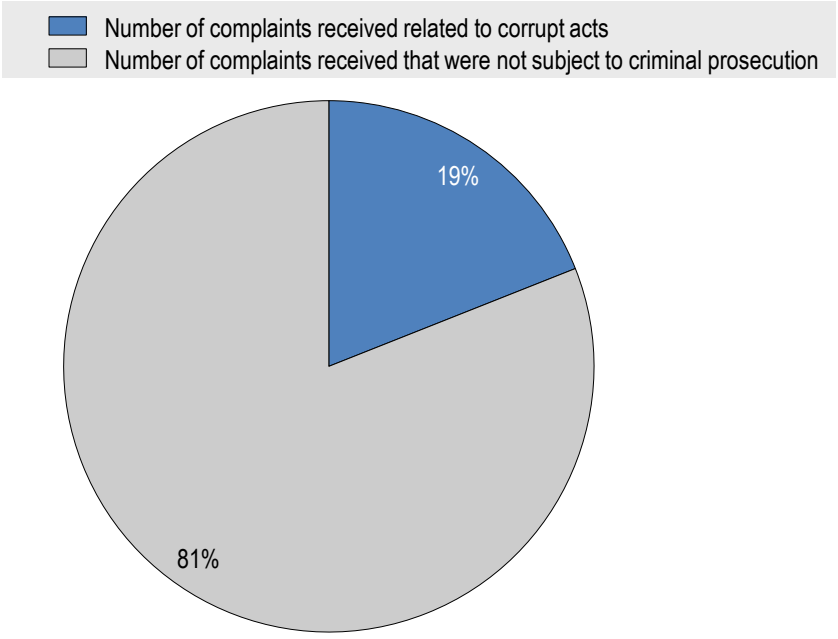
Alternatively, **serious offences** are defined by Articles 52-64 as those concerning:

- accepting, obtaining or seeking to obtain, by themselves or through third parties, a bribe, including any benefits not included in their remuneration as a public servant, which could consist of money; assets; real or personal property, including through disposal for a markedly lower than market price; donations; services; jobs and other improper benefits for themselves or their spouse, blood relatives, civil relatives or others with whom the official has professional, labour or business partners or partnerships or relationships;
- embezzlement through which a public official requests or performs acts for the use or ownership for themselves or for those referred to in the preceding article of public resources, whether material, human or financial;
- authorising or requesting the diversion of public resources from their intended purpose, whether material, human or financial;
- misuse of information by the official in office (or by the persons specified in Article 52) to purchase real estate, moveable property and other assets, or, more generally, to improve their conditions and obtain any advantage or private gain. This restriction applies for up to one year after the official has left his/her position.
- abuse of their position to generate a profit for themselves or for the persons specified in Article 52;
- causing injury to any person or public service;
- intervening in any decision or duty in which the official has a conflict of interest;
- improperly recruiting, selecting, appointing or designating another official who, under law, is not eligible to be employed in the public service (i.e. those prohibited under the sanctions registry);
- inaccurately declaring assets or concealing a conflict of interest;
- profiting from their position and the responsibilities conferred upon them to delay or omit an act, to generate any profit, or seek any private gain for themselves or those specified in Article 52;
- failing to report, or covering up, acts or omissions considered to be administrative offences;
- providing false or unjustified delayed information in the case of judicial, electoral, internal control or other requests;
- obstructing justice by not initiating the corresponding administrative disciplinary proceedings before the competent authority within 30 calendar days of discovering any conduct that would constitute a serious administrative offence; or revealing the identity of an anonymous whistle-blower protected under the principles established in this Law.

Source: General Law of Administrative Responsibilities, cited in the (OECD, 2017[3]).

To ensure the effective enforcement of these integrity rules, Nuevo León could seek a balance between extrinsic and intrinsic motivation in encouraging public servants to comply with ethics guidelines and principles. These amendments could be accompanied by efforts to encourage an open organisational culture (see Chapter 4.) and also, by an analysis of the disciplinary actions and trends observed, compiling statistics on the number of administrative sanctions imposed and of criminal prosecutions initiated (Figure 3.2). This will facilitate continuous learning by public officials on how to detect challenges and problems in implementing the integrity policy, and also prevent recidivism, as public officials see that sanctions and redress are being enforced.

Figure 3.2. Complaints and actions undertaken to fight corruption in Nuevo León from October 2015 to June 2017



Source: Author, based on information published by the Office of the Comptroller.

3.3. Ensuring the appropriate use of tax, assets and interest declarations to strengthen the effective implementation of integrity policies

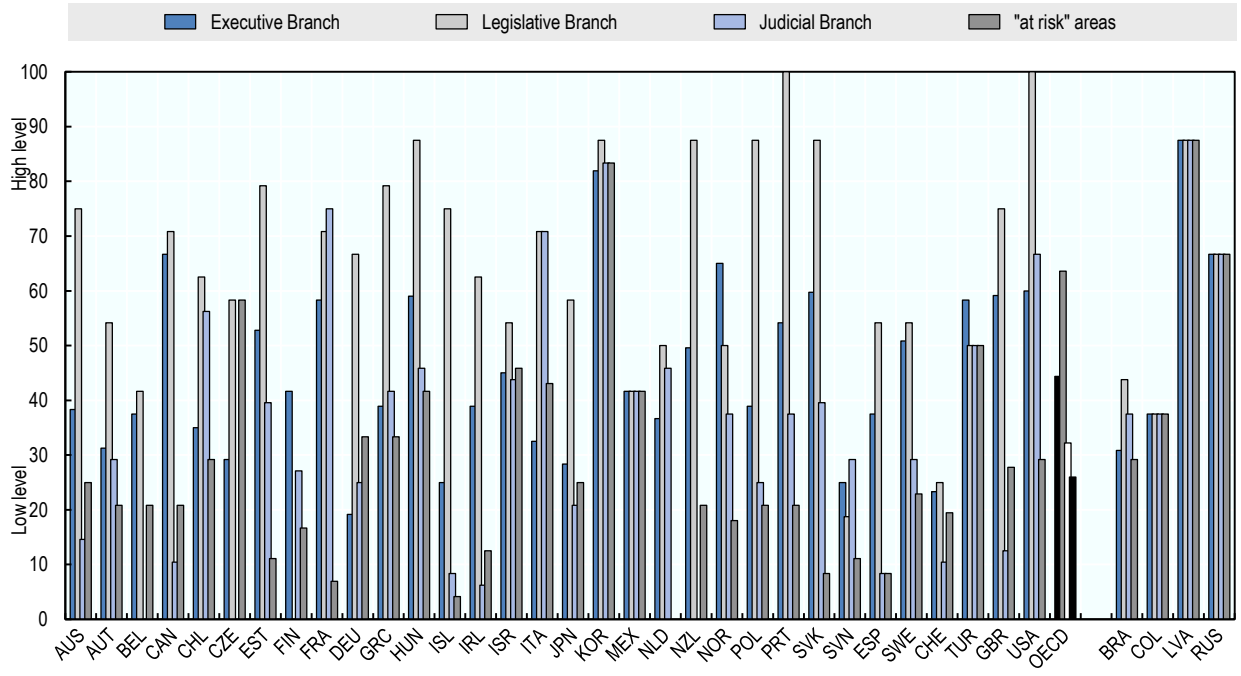
3.3.1. Nuevo León could consider narrowing the scope of those obliged to submit asset declarations, based on a strategic approach.

Since 2012, Nuevo León has required its public officials to submit an electronic declaration of assets using the Declaranet system, which can be accessed through the website www.oecnl.gob.mx/declaranet/ (Articles 112 to 116 of the LRSPEMNL). However, not all public officials have yet filled out their initial declaration, and the volume of those who are not in compliance is still high. According to Nuevo León, public officials did not submit their initial declaration in time because they were not aware of this obligation. So far, 1 107 public officials have submitted their declaration of assets

after the deadline or with errors, which confirms that compliance with this requirement is an ongoing process.

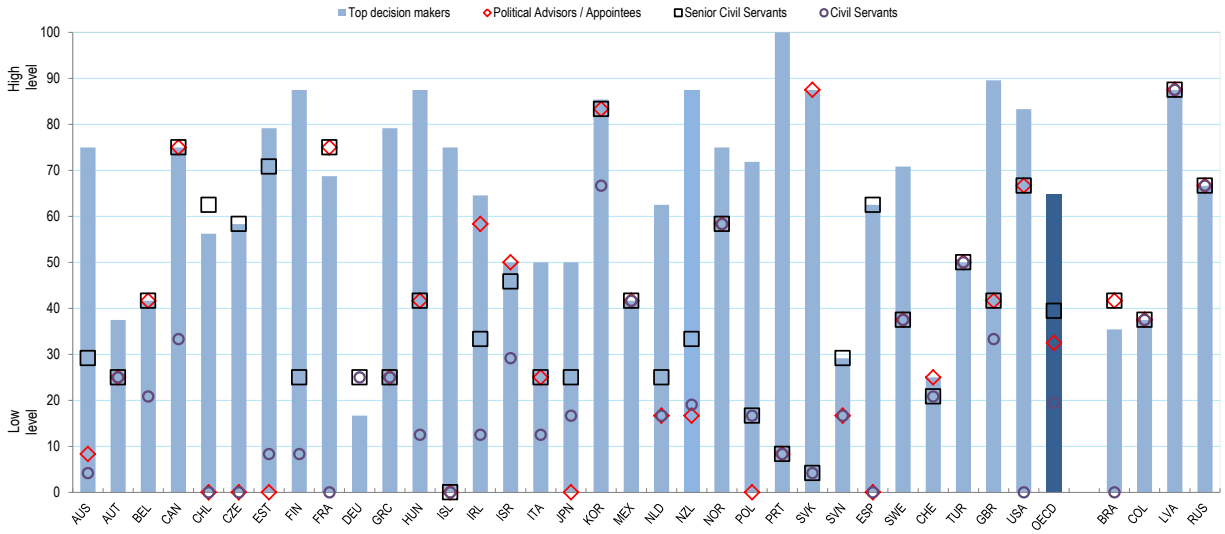
The scope of this obligation (in terms of who should submit this declaration) is very broad. It covers all public officials working in the executive, legislative and judiciary branches and those working at the municipal level, in line with the requirement set out at the federal level. The exact number of those obliged to submit the assets declaration is not known, but, to some extent, its scope exceeds the requirements in the majority of the OECD member countries (Figure 3.3 and Figure 3.4). In the central administration alone, 40 000 public officials are expected to submit the assets declaration, a volume that makes effective monitoring difficult. In principle, the large number of officials required to declare their assets could enhance public trust in government. However, monitoring so much data is difficult without a well-trained group of officials with the appropriate resources to monitor and evaluate the information.

Figure 3.3. Disclosure and public availability of private interests in the three branches of government in OECD countries, 2014



Source: (OECD, 2015[12]).

Figure 3.4. Level of disclosure and public availability of private interests, by level of public officials in the executive branch, 2014



Source: (OECD, 2015[12]).

The current disclosure requirement could be revisited by the SEANL Co-ordination Committee. It could be considered overly burdensome by public officials or could give the impression that the organisational culture of public organisations presumes that public officials are corrupt. The Co-ordination Committee could then follow a strategically based approach and study the possibility of narrowing down the categories of public officials obliged to submit the asset declaration, based, for instance, on the level of influence or the risk of policy capture or corruption of the position they occupy. This would help avoid disclosure of false information or failure to submit information and the difficulty of recruiting the most qualified candidates. Nuevo León needs to move in this direction, given the global trend toward transparency and toward disclosing, at least to some degree, data about political officials, such as Cabinet members, because politicians are expected to be held accountable for their decisions. They thus need to be ready to provide explanations about the information disclosed, if any serious concerns are raised in the media or by civil society. In the case of lower-level public officials, the appropriate degree of public disclosure should be determined after carefully weighing such considerations as perceptions of corruption, possible safety concerns and other risks (OECD, 2011[13]). Adopting this proposed strategy could ensure appropriate management of all information submitted, considering the budgetary and capacity limitations.

3.3.2. Nuevo León could consider amending the current assets declaration format, to align it with the format that will be required under the National Anti-corruption System.

Nuevo León does not use the same form or require the same level of disclosure as is required at the federal level. The obligation for public officials to provide financial information about themselves and their family (spouses or common-law partners, as well as the dependents of public officials) is not comparable. At the federal level, public officials are required to provide financial and non-financial information to a degree comparable to that in other various OECD countries (see Box 3.8). Nuevo León thus

needs to review the content of its declaration form and use the form that has been approved since July 2017 at the federal level for those who have not yet completed the asset declaration. It could also monitor the final version of the three declarations forms (assets, fiscal and interest declarations) when they are issued by the SNAC Co-ordination Committee and could make it public, to some extent, on the SNAC Digital Platform, in accordance with the national transparency and privacy laws.

Box 3.8. Common financial and non-financial disclosures in OECD countries

Generally, the following types of information are required to be disclosed in OECD member and partner countries:

Financial interests

Reporting of financial interests can allow for the monitoring of wealth accumulation over time and the detection of illicit enrichment. Financial information can also help to identify conflicts of interest.

Income: Officials in OECD countries are commonly asked to report income amounts as well as the source and type (i.e. salaries, fees, interest, dividends, revenue from sale or lease of property, inheritance, hospitalities, travel paid, etc.). The exact requirements of income reporting may vary, and moreover, public officials may only be required to report income above a certain threshold. The rationale for disclosing income is to indicate potential sources of undue influence (i.e. such as from outside employment) as well as to monitor increases in income that could stem from illicit enrichment. In countries where public officials' salaries are low, this is of particular concern.

Gifts: Gifts can be considered a type of income or assets; however, since they are generally minor in value, many countries only require reporting gifts above a certain threshold.

Assets: A wide variety of assets are subject to declaration across OECD countries including savings, shareholdings and other securities, property, real estate, savings, vehicles/vessels, valuable antiques and art, etc. Reporting of assets permits for comparison with income data, to assess whether changes in wealth are due to be declared legitimate income. However, accurately reporting on the value of assets can be a challenge in some circumstances and can prove difficult to validate. Furthermore, some countries make the distinction between owned assets and those in use (i.e. such as a house or lodging that has been lent but is not owned).

Other financial interests: In addition to income, gifts and assets, additional financial interests to declare often include: debts, loans, guarantees, insurances, agreements that may result in future income, and pension schemes. When such interests have significant value, they can potentially lead to conflicts of interest.

Non-financial interests

Non-financial interests may not contribute to monitoring for illicit enrichment, but can also lead to conflicts of interest. Many countries request disclosure of:

Previous employment: Relationships or information acquired in past employment could unduly influence public officials in their current position. If an official's previous firm applies for a public procurement tender in which the public official has a say in the process, this past position could create a conflict of interest.

Current non-remunerated positions: Board or foundation membership or active membership in political party activities could similarly affect public officials' duties. Even voluntary work could be considered to influence duties in certain situations.

Source: (OECD, 2011[13]).

The current level of transparency restricts public disclosure of the assets declaration; as at the federal level, it is only available with the consent of the public official or with a judicial order (Article 118 of the LRSPEMNL). No declarations of assets are available online on Declaranet, i.e. no public servants have given their authorisation to make them publicly available. This could be perceived by citizens as a lack of transparency, considering the high perception of corruption reported in the state. It should be noted that the format approved by the SNAC Co-ordination Committee still allows public officials to make a choice between declining to make their declaration of assets available to the public, or authorising its partial publication. The SEANL Co-ordination Committee could consider this and grant access to a summary of the disclosed information, giving access to the full content but placing certain conditions on access. Alternatively, it could provide online access to all or part of the information in the submitted disclosures, or even different combinations of these and other options, as is current international practice (OECD and The World Bank, 2017[14]).

Nuevo León also needs to ensure that the digital platform used to store public information be updated and compatible with the one that will be used at the federal level, by seeking authorisation from the licence providers of this digital platform. In studying the accessibility of this information, Nuevo León could consider a user-friendly access to these declarations.

3.3.3. Management of declarations could be entrusted to a well-staffed team in the proposed Ethics Unit that ensures the implementation and monitoring of the declarations' system.

The Legal Directorate in the Office of the Comptroller manages declarations and is actively working to ensure compliance of all public officials in spite of the limited capacity to fulfil this task. Only two public officials provide guidance in filling out the asset declaration. Instructions are available online, but ensuring full compliance with relevant obligations requires training and information sessions.

International experience shows that management of assets declaration systems does not always require a large staff, depending on the tasks assigned, the volume of declarations and the technology used. Nuevo León, given the current budgetary restrictions, could consider involving the "Agents of Change" for support (see section 3.5), especially when public declarations increase. They could also make public officials aware of their disclosure obligations and the potential sanction in case of non-compliance. In the long term, however, professionals with specialised skill sets (e.g. forensic accounting, legal and investigative training) would need to be hired to work in the proposed Ethics Unit office, on a full-time basis. Their tasks will include monitoring public officials' declarations, as well as resolving current, apparent and potential conflicts of interest.

Under the Constitution of Nuevo León (Article 105) and the LGRA, in addition to the assets declaration, public officials are expected to submit interest and tax declarations. This will increase the volume of disclosures handled every year. Although this new

requirement is not yet fully in effect at the federal level, Nuevo León will benefit from working closely with the SFP in elaborating its strategy on declarations.

The management of the assets declaration and the two additional declarations could be the responsibility of the new proposed Ethics Unit. This will require that the Organic Law of the Public Administration be amended to transfer this responsibility from the Legal Directorate to the new proposed Ethics Unit. The two public officials currently working on the assets declaration could be transferred to this Ethics Unit, given the expertise they have acquired.

At present, the obligation to submit the assets declaration has not been fulfilled in a timely fashion. This has increased the current workload of the Legal Directorate, which also ensures compliance with the obligation to submit the two other declarations. In October 2016, in order to communicate to public officials the enforceability of the two other obligations, the Legal Directorate conducted a drill amongst public officials who had submitted their assets declaration during this period. The goal was to lay out a strategy to implement the new requirement throughout the public organisations. According to this office, this exercise had a positive response. However, because it was voluntary, no data was collected on the number of respondents or the challenges encountered.

To successfully manage the three declarations, Nuevo León needs to redesign its communication strategy, and ensure not only that officials are aware of this obligation but clearly distinguish between the requirement to fill out declarations and the conflict of interest policies. Public officials need to understand that the declarations on assets and interests are simply tools that can prevent and manage conflict of interests' situations when they arise. It could be made clear that there is a distinction between the declaration of financial and non-financial information that could constitute a conflict of interest (real or apparent). Such situations could lead to a potential conflict of interest in the future, and it must be emphasised that information disclosed will only be useful if it is truthful and accurate.

Nuevo León also needs to insist that inaccuracies be avoided to permit effective monitoring of assets fluctuation, to ensure that no concerns about their integrity or the integrity of their organisations can arise. Campaigns to raise awareness amongst public officials must convey a shared understanding of what constitutes a conflict of interest, and how to manage this situation when it arises. They could also offer instructions showing how to fill out the declarations, issuing detailed guidelines, with frequently asked questions, as well as provide blank forms examples online, in the media, and over telephone hotlines, etc.

The existing integrity policies in Nuevo León include fines in case of failure to submit the assets declaration by the deadlines (Article 57 of the LRSPEMNL). Nuevo León needs to rethink its strategy, since the LGRA stipulates that failure to submit these declarations will constitute a non-serious offense, which will be investigated by the internal control bodies. Since 2015, Nuevo León has imposed a total of 47 fines for not submitting the assets declaration in a timely fashion, but these were waived, as provided for in Article 74 of the LRSPEMNL. Only 50% of the fines imposed were paid to the Directorate of Tax Collection of the Ministry of Finance *(Dirección de Recaudación de la Secretaría de Finanzas*), which is responsible for collecting revenues. Analysis of the waiver is the responsibility of the Legal Directorate. While fines have proved their effectiveness in countries like Canada and France, where they have been imposed on senior officials for

failure to submit their declarations, Nuevo León does not appear to consider fines an effective mechanism; neither does it have in place effective monitoring of deadlines.

3.3.4. Nuevo León needs to establish an effective strategy to comply with the requirement of cross-checking information through agreements with tax and financial units set out in the SNAC.

International experience has shown that if filers know that someone will take a look at the content of a declaration, they are more likely to comply with disclosure requirements and to make sure to include the relevant information (OECD and The World Bank, 2017[14]). Moreover, if declarations are used to monitor unexplained fluctuations in wealth rather than conflicts of interest, as is the case with the SNAC and the SEANL, the screening may detect unintended filing mistakes, and deter filers from intentionally skipping information or including false statements. However, checking the content of all the declarations filed is not always a feasible approach. Countries opt for various strategies and use technology to verify and audit the assets declaration (see Table 3.4). This also allows for automatic validation of the declarations receipt, triangulation with other databases and automatic notification of red flags identifying errors, missing information, and changes to assets, income and personal situation, etc.

Table 3.4. Types of verification checks on asset and interest declarations

Type of verification check	Description
Basic/preliminary verification	Ensures whether declarations are complete, or whether there are obvious mistakes (i.e. numerical values entered, valid addresses, etc.)
Simple verification	Ensures the logical consistency of the information provided on the declaration forms (i.e. arithmetical checks, checks on past years or modifications, and checks that assets are accounted for by declared income). Simple verifications can spot potential or real conflicts of interest and can lead to audits.
Audit verification	This most advanced stage of verification may not only cross-check information from past declarations but also compare them with "external" data sources from financial or other public institutions. An auditor may validate the existence/value of assets; assess lifestyle, and request proof and testimony from public officials and others.

Source: (OECD, 2017[3]).

Nuevo León has begun to verify the content and thoughtfulness of information submitted by officials in their assets declaration on a random basis. According to the Office of the Comptroller, this exercise has so far demonstrated that information submitted by public officials is generally accurate. As the volume of declarations received will increase in the coming months, the Office of the Comptroller could determine the appropriate mechanisms to randomly review the content and accuracy of the declarations submitted and effectively detect enrichment and conflicts of interest. It could also decide that declarations filed by public officials occupying high-risk positions in the government will be systematically subject to verifications and audits. This might also be applied to those who work in public sector organisations where numerous breaches of integrity rules have been reported. The expectations they have on the disclosure mechanism might also be evaluated. This risk-based approach to verifications and audits of declarations could also consider using other means. These might include scrutinising red flags associated with variations of income, assets, etc., monitoring complaints or information submitted in the media, and ensuring strong, effective co-operation agreements with financial institutions and other integrity entities (Article 9, Clause XV of the State Law on Anti-corruption). To be effective, the results of these regular verifications and audits need to be

accompanied by a credible threat of sanctions. This could provide a deterrent against illicit enrichment and conflicts of interest (OECD, 2017[4]).

3.3.5. To reinforce the implementation of integrity policies, Nuevo León could consider addressing areas of risk, working closely with the SFP to adopt clear policies to communicate the new rules to public officials.

In addition to identifying high-risk positions and situations that could generate conflicts of interest attributable to holding assets or family, business and personal issues, countries have considered including in their integrity framework other situations that can lead to conflicts of interest, such as gifts and post-employment.

Gifts are a sensitive issue that can lead to conflicts of interest regardless of their value. They may affect public officials' objectivity and the integrity of their organisation. It has thus been considered important to establish rules on how to deal appropriately with an actual or presumed relationship between the giver and receiver. Most ethics codes or laws include a reference to this issue. In Nuevo León, this is regulated in Articles 131 to 135 of the LRSPEMNL, which includes rules on acceptability of gifts, disclosure and subsequent forfeiture and need to be amended to reflect the current rules in force in the LGRA (Box 3.9).

Box 3.9. Nuevo León's current legal provisions on gifts

Public officials are prohibited from receiving from the same source over a year gifts whose value exceeds by 200 times the minimal wage salary at the time of their receipt (Article 50, Clause XV, LRSPEMNL). Gifts not exceeding this value should be declared in the annual assets declaration that public officials must complete (Article 131). Gifts exceeding the threshold are required to be transferred to the internal control bodies within five days of their receipt. Internal control bodies are then expected to transfer gifts to ministries, entities and other organisations, based on their nature, and to maintain a registry of gifts forfeited and transferred. Failure to comply with these two rules could be considered bribery and can be prosecuted under the criminal code (Article 133).

The current gift policy in Nuevo León complies in some degree with the proposed guidelines issued by the OECD on gifts. It includes more transparent rules, but it should be revisited now that Article 7, Clause II, 40, 52 and 66 of the LGRA is in effect, as of July 2017. The LRSPEMNL includes specific rules on gifts received at the municipal level and mechanisms for forfeiting gifts received, based on their nature.

Although the LRSPEMNL provides that accumulative gifts received from the same source need to be publicly disclosed in the annual assets declarations, this provision needs to be amended to reflect the rules stipulated in the LGRA, since accepting or intending to accept a gift from an individual qualifies as bribery.

Source: Author, based on the LRSPEMNL.

Interviews with public officials suggest that gifts are considered a normal practice and, in some cases, are offered secretly or sent to public officials directly to their offices. This appears to be typical, for instance, in the public procurement process. Questioned about the propriety of this practice, public officials replied that they consider these gifts were given to them because of a private relationship they have with the giver, rather than because they occupy a position in the public service and are called upon to exercise a duty or function that could advance the giver's private interest. Public officials are therefore not able to determine whether accepting gifts could place them in a conflict of interest. Their analysis focuses more on the value of the gift than on the influence that accepting it may have on their daily work, or a decision they might be called upon to make, or even on the damage that receipt of the gift might cause to their organisation. Moreover, even though the LRSPEMNL includes detailed mechanisms for reporting and forfeiting gifts exceeding a certain threshold, the rules are not yet operational. Interviews with public officials also revealed that they are not discouraged directly by superiors to avoid this practice. Instead, they are instructed to give gifts received at Christmas, at a time when the number rises, to a non-profit organisation. Public officials also indicated that they were not aware of what happens for the rest of the year and whether the receipt of gifts are or are not reported. However, the LRSPEMNL notes that failure to report these gifts in the annual assets declaration could be considered bribery.

Considering that the LGRA strictly prohibits accepting benefits, a very broad definition, Nuevo León could adopt a clear strategy, including a pro-active campaign using internal guidelines and social media to communicate the new rules to public officials, the private sector and citizens. Nuevo León could seek advice from the SFP on properly managing this issue, since it is a major challenge for Nuevo León and for other Mexican states to establish a threshold for acceptance.

A second area of risk in Nuevo León are pre- and post-employment rules. The current government is composed of individuals from the private sector and civil society organisations, rather than from a political party. Such officials may decide to leave their position before their term to seek other opportunities, after serving briefly in the public service. This was the case with certain high-ranking officials who occupied positions after the election but have now moved on. Changes introduced in the LGRA now include offers of employment, in addition to the strict provisions governing the acceptance of benefits not included in public officials' remuneration, and offered because of their government function.

Post-public employment conflicts of interest concern two major risk areas: one involving interactions between the public and the private sector and the other related to top-level public officials, including decision makers such as ministers and members of the legislature. Political advisers, senior public servants and chief executives and managers of state-owned enterprises are also subject of post-public employment prohibitions and restrictions (OECD, 2010[10]). OECD countries have adopted cooling-off periods of one to two years that would apply in these circumstances, although such strict prohibition may have a negative impact on the government's capacity to attract experienced people from the private sector.

In Nuevo León, pre-employment is not covered by the current integrity policies. This could also be reviewed, given the impact that this may have on whether public officials can exercise their duties in an unbiased fashion. The Co-ordination Committee could consider this in determining the integrity rules to apply in the context of the SEANL. Pre- and post-employment conflict of interest is itself a risk area of increasing importance in

the broad field of conflict of interest, which must be managed based on its own risks (OECD, 2010[10]). Guidelines on whether it is appropriate to accept an offer and indicating where public officials could seek out confidential advice could be also helpful in ensuring the enforcement of this rule.

3.4. Scaling-up initiatives to create a culture of integrity in the public administration and promote change in behaviour

3.4.1. Nuevo León could scale up its raising awareness and training activities to instil a culture of integrity and transparency in public decision-making.

In addition to ethics codes, laws and manuals, OECD member countries have adopted complementary strategies to build consensus and ownership over integrity rules amongst public officials. These include:

- dissemination of rules or guidelines when the public official takes office;
- pro-active updates concerning changes to the public integrity framework;
- publication of the public ethics policies online or on the organisation's intranet;
- regular reminders about public integrity policies;
- training;
- regular guidance and assistance;
- an advice line or help desk where officials can receive guidance on filing requirements or the identification or management of conflicts of interest (OECD, 2014[8]).

Nuevo León has initiated an awareness-raising strategy to promote the Ethics Code in the central public administration and government entities. Liaisons from each ministry who contributed drafting the Ethics Code have supported this strategy by sharing experiences and using lessons learned in sessions to raise awareness amongst public officials in their ministries. They are also working on a competition between ministries on exemplary practices for each of the seven principles of the Ethics Code. This can help disseminate the rules and encourage public officials to be active in the learning process. Meanwhile, the Executive Agency for the Co-ordination of the State's Public Administration (*Coordinación Ejecutiva de la Administración Pública del Estado de Nuevo León*) has designed Facebook postings and posters explaining the content of the Ethics Code.

While Nuevo León has made significant efforts to raise awareness amongst its public officials, further measures could be considered, given the risks associated with the positions of certain public officials and the nature of their organisations. Nuevo León could consider starting to use these activities as an opportunity to understand the challenges faced by these organisations and to encourage public officials to discuss and share their views.

In addition to these public information initiatives, the Office of the Comptroller has also signed an agreement with the SFP, the "Agreement to co-ordinate the execution of a co-ordination special programme identified as strengthening the state system of control and the evaluation of the public management and co-operation on transparency and fighting corruption" (*Acuerdo de coordinación para la realización de un Programa de coordinación especial denominado "Fortalecimiento del sistema estatal de control y evaluación de la gestión pública y colaboración en materia de transparencia y combate a la corrupción"*). This agreement sets out two main objectives for fighting corruption:

- professionalise public officials overseeing public sector activities, assessing and modernising training programmes, projects and actions executed with federal resources, to ensure induction, enhancement and strengthening of ethics principles, vocation and quality in the public service;
- establish key objective indicators to determine progress and identify effective action to combat corruption in the public administration, engaging organisations, professional institutions and civil society organisations in evaluating the effectiveness of the measures and actions to fight corruption.

To achieve the first objective, a three-stage strategy was set up to raise the public officials' awareness of the integrity framework, to reinforce their knowledge and help implementation throughout the central administration.

The goal of the first stage of this strategy (*sensibilización*) was to train 500 public officials in the 83 government entities in Nuevo León. These officials were identified as "Agents of Change" (instructors), whose chief responsibility was to replicate what they learned in the training sessions on "The Culture of Legality and Fighting Corruption". Their task is to train public officials in their organisations in a half-day workshop. From October 2016 to December 2017, they have already trained 13 000 of the 40 000 public officials in 35 government entities. Nuevo León could bear in mind that ethics training should encourage public officials to raise ethics questions, and for managers to see this as an integral part of their day-to-day work (Gilman, 2005[15]). Such ethics training needs to be tailored to individual public organisations, or a target group of officials. It should be interactive, be led by management, address legal requirements/rules and values; be based on real scenarios related to the activities of the institution or group of public officials and be relevant for the public organisation or group of officials to which they are addressed.

While it appears that Nuevo Leon has integrated several of these features in the training programme for the "Agents of Change" initiative, it could be beneficial to revise the strategy to focus on equipping these public officials with the ability to think things through from an ethical perspective and apply integrity rules in their daily work. To ensure real change in behaviour, the ethics training must encourage public officials to become partners in creating an integrity culture throughout government. Studies have shown that ethics training cannot be considered a one-time exercise. Such training needs to be repeated, since people forget what they have learned, circumstances may change, responsibilities can increase or change and regulations may be amended or new ones could be enacted. For these reasons, the most rigorous ethics regimes embarked on a strategy that emphasises regular training exposure (Gilman, 2005[15]) of public officials. Canada, for example, has even instituted continuous training sessions of its public officials, from when they are hired until they leave their posts (Box 3.10).

Box 3.10. Canada's 'integrity induction' training for public servants

The Government of Canada conducts integrity training for public sector employees at the Canada School of Public Service. The Treasury Board Secretariat works closely with the institution to develop employee training on values and ethics. The orientation course for public servants on values and ethics, part of the mandatory curriculum for new employees, was recently updated. The course is also used by federal departments as a refresher for existing employees, to help them understand their responsibilities under the Values and Ethics Code for the Public Sector. To ensure that it is accessible to all public servants, the course is available online.

The course focuses on familiarising public servants with the relevant acts and policies, such as the Values and Ethics Code for the Public Sector, the Public Servants Disclosure Protection Act and the Policy on Conflict of Interest and Post-Employment. The training includes five modules on ethical dilemmas, workplace well-being and harassment prevention. Public servants not only increase their awareness of the relevant policy and legislative frameworks but develop the skills to apply this knowledge as a foundation for their daily activities.

The course includes a dedicated module on the Values and Ethics Code for the Public Sector. This highlights the importance of understanding the core values of the federal public sector as a framework for effective decision making, legitimate governance and preserving public confidence in the integrity of the public sector. The module includes a section on duties and obligations, laying out in detail the responsibilities of employees, managers/supervisors, and deputy heads/chief executives. It also discusses the Duty of Loyalty to the Government of Canada, stating that there should be a balance between freedom of expression and objectiveness in fulfilling responsibilities, illustrated with an example from social media. The module ends with two questions intended to make sure participants have understood the purpose of the Values and Ethics Code for the Public Sector and the foundation for fulfilling one's responsibilities in the public sector.

One innovative component of the integrity training course is the module on ethical dilemmas. It is intended to ensure familiarity with the Values and Ethics Code for the Public Sector and includes a range of tools to cultivate ethical decision making amongst public servants. The module also lays out the five core values for the Canadian public service: respect for democracy, respect for people, integrity, stewardship and excellence, to prompt public servants to think about how to apply these values in their daily duties. Key risk areas for unethical conduct, such as bribery, improper use of government property, conflict of interest and mismanagement of public funds are identified, explained in practical, easy to understand language. By posing questions on three different scenarios and asking participants to select competing public sector values, the module also encourages public servants to think about how conflicts between these values may be resolved.

Source: Treasury Board Secretariat, Canada.

The training strategy entered its second stage (*profundización*) in June 2017. A continuing education process was established after the conclusion of an agreement with the University of Monterrey (Universidad de Monterrey, or UDEM). This agreement

seeks to update the content of the training courses to be offered by "Agents of Change" and to introduce and implement virtual mode (online) capacity-building sessions. This latter focus, however, more on managerial aspects such as efficiency in the public service and public officials' learning process based on their style of learning, all of which are important features in building a strong integrity system in the public service.

The Office of the Comptroller could take advantage of the use of e-learning sessions to redesign its awareness-raising strategy and propose to the SEANL Co-ordination Committee that this feature be used as a new way of enhancing public officials' ethical knowledge and to instil a culture of integrity in decision-making processes, as Canada does (see Box 3.10).

The last and third stage of the training strategy (*aplicación*) was started in February 2018. It consists of ensuring implementation of integrity rules in the day-to-day operation of government activities through pilot programmes. These train public officials to identify possible risk areas in their work environment that could entail corrupt acts, to propose deterrent actions and also to formulate indicators reflecting the impact of preventive and corrective actions. This last stage goes beyond the traditional objectives of integrity training initiatives in public sector organisations by the SFP at the federal level. As of June 2018, 5 000 public officials have been trained, and the aim is to reach 40 000 officials by June 2019. Starting in September 2018, 50 000 more teachers in the education sector are to be trained.

To reach all public organisations, including territorial municipalities, Nuevo León could initiate an awareness-raising campaign co-ordinated by the proposed Ethics Unit, the Integrity Contact Points (or persons), the SFP and the Executive Agency for the Co-ordination of the State's Public Administration, intensifying its outreach activities to engage the private sector, civil society organisations and citizens. Awareness-raising campaigns could be supported with banners showing the principles and values of the new proposed Code and changes to the LRSPEMNL in a visible place at the entrance of government buildings. Other measures could include sending a reminder of each value per month on the intranet system. Officials could be surveyed for feedback on implementing the integrity policies, and practical tools could be introduced, such as workplace calendars with anti-corruption information, including the deadline for submission of asset declarations, reminders of principles to guide public officials' behaviour, etc.

3.4.2. Nuevo León could consider improving the second and third stages of its awareness-raising and training strategy by drawing on the latest research in the behavioural sciences.

The third and final stage of Nuevo León's strategy is to implement integrity rules and values in government. It includes pilot programmes to train officials in detecting risks of corruption, proposing actions to fight corruption and formulate indicators reflecting the impact of preventives and corrective action. However, these efforts may not sufficient to promote ethical behaviour and protect the integrity of their organisations.

The conventional approach toward fighting corruption is based on a traditional rational choice model, in which individuals maximise their interest in a decision-making process based on a cost-benefit analysis of alternatives, typically using a principal-agent-client approach and excluding psychological aspects (OECD, 2017[1]). However, studies suggest this is not always effective. Some research even questions whether the costs of controls and sanctions, training and other mechanisms outweigh the supposed benefits

(Anechiarico and Jacobs, 1996[16]). In recent years, experimental evidence, both from the laboratory and in the field, has yielded a more comprehensive picture of human behaviour in the face of corrupt incentives and innovative and more effective approaches to integrity and anti-corruption have been developed (Serra and Wantchekon, 2012[17]); (Lambsdorff, 2012[18]); (Lambsdorff, 2015[19]); (Boehm, Isaza E and Villalba Díaz, 2015[20]). Some countries and international organisations, like the OECD, have incorporated behavioural science in their public policy approaches. Preventive measures could be more effective if they also consider less tangible factors such as expectations, social norms, communicating praise, sentiments and non-monetary incentives, in addition to sanctions, to prevent corrupt behaviour.

Nuevo León might consider incorporating into its integrity strategy insights from research in behavioural sciences and test measures in such areas as public procurement or regulatory activities. These could include addressing social dynamics in a specific directorate or office in one of the ministries or entities of the central administration, to observe whether integrity is understood in the selected group and how the group reacts to an undesirable behaviour. Leading by example is important in an organisation and such exercises could show how the example of other people behaving dishonestly can influence the behaviour of others.

Such experiments in Nuevo León should not only mention organisations with greater integrity challenges but highlight ethical success stories to encourage positive dynamics in the organisation. The "good" should be more visible than the "bad" (OECD, 2017[2]). Moreover, as in the second stage of its training strategy some managerial aspects and the impact on the integrity of public organisations will be introduced, Nuevo León could also consider implementing pilot programmes to improve the working environment. Experimental research shows that creating environments that are clean and bright can, at least to some extent, inhibit corrupt behaviour, since they increase prosocial behaviour (Liljenquist, et al, 2010[21])

Nuevo León could also implement other initiatives to communicate integrity rules in its public organisations. So-called "moral reminders" could be built into key decision-making processes, reminding public servants of the correct behaviour in a specific context. It has been observed that small reminders of appropriate behaviour have a measurable impact on the probability of cheating behaviour ((Ariely, 2012[22]), Box 3.11 and Box 3.12). For example, just before procurement officials or human resource managers take critical decisions, a procedure asking them to agree to sign a declaration reading: "I will take the following decision according to the highest professional and ethical standards" can implicitly link an official's name to an ethical conduct (OECD, 2017[3]).

Box 3.11. Ethical reminders

Behavioural research shows that more ethical choices can be triggered by reminding people of moral norms. This might be an inconspicuous message, such as "Thank you for your honesty". Contextual clues in the immediate situation function as references to an underlying norm (cf. Mazar and Ariely, 2006). Such a moral appeal has in some cases been shown to be even more effective than a reminder of the threat of a punishment. In field experiments, subjects paid a higher price for a newspaper (Pruckner and Sausgruber, 2013) and were more likely to pay back a debt (Bursztyn et al., 2016) when exposed to a moral reminder.

These findings correspond to the understanding that most people view themselves as moral individuals (Aquino and Reed, 2002). When they are reminded of moral standards, they adjust their actions accordingly, to reduce the dissonance between self-concept and behaviour. Many small acts of cheating are in fact also acts of self-cheating. Reducing such behaviour can be accomplished not by an increase in external punishment, but by increasing the salience of intrinsic morality.

Source: (Aquino and Reed, 2002[23]); (Bursztyn et al., 2016[24]); (Mazar and Ariely, 2006[25]); (Pruckner and Sausgruber, 2013[26]).

Box 3.12. How to measure cheating

Cheating can be measured through experimental designs (e.g. Ariely, 2012, or Fischbacher and Föllmi-Heusi, 2012). Before implementing or reforming innovative integrity policies aimed to reduce dishonest behaviour, a country could apply such experimental designs to measure the "cheating baseline" in an organisation or group.

On the one hand, the experiments could inform the country if there are areas where cheating is more common than in others, and consequently focus policies on these areas. On the other hand, the baseline would offer a concrete indicator measuring whether the piloted policies had the desired impact before considering an up-scaling.

Source: (Ariely, 2012[22]); (Fischbacher, U. and F. Föllmi-Heusi, 2012[27]).

Finally, to pilot, evaluate and fine-tune such mechanisms, it is recommended to use rigorous design and impact evaluation that follows a procedure carefully designed from the beginning, providing guidance for the random assignment and identification of adequate indicators as needed. These impact evaluations need not be expensive and can be implemented easily. Nuevo León could consider the work of the UK Behavioural Insights Team (Box 3.13), which outlines the steps required to set out randomised controlled trials.

Box 3.13. The Behavioural Insights Team Methodology for randomised controlled trials

Randomised Controlled Trials (RCTs), now widely used in medicine, international development and internet-based businesses, should be used much more extensively in public policy to enable policy makers to test which interventions are most effective. According to the UK Behavioural Insight Team methodology, nine steps are required to understand better which policies work and to improve policy interventions to reflect what organisations have learnt.

These nine steps are:

Step 1: Identify two or more policy interventions to compare.

Step 2: Define the outcome the policy is intended to influence.

Step 3: Decide on the randomisation unit.

Step 4: Determine how many units are required for robust results.

Step 5: Assign each unit to one of the policy interventions using a robust random method.

Step 6: Introduce the policy interventions to the assigned groups.

Step 7: Measure the results and determine the impact of the policy interventions.

Step 8: Adapt the policy intervention to reflect the findings.

Step 9: Return to Step 1.

Many of these steps will be familiar to anyone putting in place a well-designed policy evaluation – for example, deciding in advance the outcome that we are seeking to achieve. Others are less familiar – for example, randomly allocating the intervention to control or intervention groups.

Behavioural Insight Methodology considers that the "Test, learn, adapt" approach has the potential to be used in almost all aspects of public policy. According to this methodology, testing an intervention means ensuring that you have put in place robust measures that enable you to evaluate the effectiveness or otherwise of the intervention. Learning is about analysing the outcome of the intervention, so that you can identify what works and whether the effect is sufficient to offer good value for money.

Finally, adapting means using these results to modify the intervention (if necessary), so that we are continually refining the way in which the policy is designed and implemented.

Source: (Behavioural Insights Team, 2013[28]).

3.5. Building capacity to promote integrity in public entities and organisations

3.5.1. Nuevo León could consider strengthening the recruitment process and human resource management practices to promote integrity in its public service.

The behaviour of a public organisation's human resources can change directly or indirectly based on the public ethics and management of conflict of interests policies adopted. Indeed, human resources policies could help or prevent promoting integrity in the public administration depending on whether there is loyalty to the public interest rather than to the patron or the party in government, contract security, a culture of performance orientation, good rewards or salaries, guidance and a tone from the top that allows for an open organisational culture.

In Nuevo León, the Law for the Civil Service of Nuevo León (*Ley del Servicio Civil del Estado de Nuevo León*) of 1948, and a Decree of 2007 adopting the Statute to professionalise the public service in Nuevo León (*Decreto que establece el Estatuto de profesionalización para el servicio público del Estado de Nuevo León*), tried unsuccessfully to professionalise the public service by instituting merit-based management of its workforce. This legislative framework, which was not fully implemented, classified personnel working in the public service of the State into two categories: unionised affiliation (*de base*) and free appointment (*de confianza*). Unionised affiliation was usually reserved for administrative and technical personnel and involved a significant level of stability, but interviews with public officials suggest that this category of personnel was appointed by former governments even in the case of the highest-ranking positions.

The new government faced a challenging situation after its election, as it inherited a budgetary deficit and an outdated and bloated public administration with personnel without the skills to perform their functions with efficiency and integrity. In addition, the government was composed of many entities that had just been merged or whose functions had been assumed by other entities. In this context, the new government recruited new personnel, using the free appointment mechanism to fill managerial positions. The selected candidates for hiring or promotion are sent to the Ministry of Administration which administers psychological tests using a web-based evaluation system known as AMITAI, to measure the candidate's level of honesty, and a psychometric test which consists of selections made by the candidate to detect any risk of potential lack of ethics or honesty (Box 3.14).

Box 3.14. The AMITAI Integrity Test that Nuevo León uses to recruit candidates for public service positions

AMITAI (HRD Global Solutions, Ltd.) is a business specialised in developing a web-based evaluation integrity test. It is designed to be the first step in the screening process, prior to a more costly background investigation. The tool is qualified by its clients as a powerful aid to hiring decisions when used with other screening and selection methods; résumés, reference checks, interviews, etc. They have set standards for recruitment in the private sector since 2000, distributed its software from Canada to Argentina and administered more than 2 million tests. AMITAI offers its clients a test lasting an average of 20 minutes, depending on the dimensions to be assessed for a particular position, which is adapted to the candidates based on their ability to read and understand the questions.

AMITAI is based on solid psychological theory and statistical validation, which makes it an excellent tool for personnel screening. It is a tool to reduce employee theft and misbehaviour, as well as turnover, to prevent negligent hiring suits, reduce terminations for cause and related costs, sick leaves and workers' compensation losses. In general, it is conceived as an aid to improve the overall work environment. It differs from polygraph testing and other similar investigatory techniques or tools of potential behaviour that involve lengthy, expensive processes and are extremely subjective.

Nuevo León's former government signed an agreement with AMITAI, and as of late 2016, the current administration decided to use this test for hiring new staff.

Source: Based on the information available at http://www.amitai.com/en/.

Under current human resources policies in Nuevo León, selected candidates are obliged to submit to the Ministry of Administration's Human Resources Office (*Dirección de Recursos Humanos*) a letter confirming that they have never been sanctioned or disqualified and a certificate proving that they do not have criminal records. They must also sign a declaration confirming that they will adhere to the Ethics Code. Hiring somebody who has been disqualified is subject to disciplinary sanction under the Responsibility Law. For senior positions in the Cabinet, appointments are made by the head of the executive branch and must comply with the specific requirement set out in the *ad hoc* legislation or in the Constitution. After their recruitment, all public officials receive an induction training offered by the Professionalisation Institute (*Instituto de Profesionalisación*).

Nuevo León is making efforts to develop a recruitment process selecting candidates who will adhere to its new ethics standards. However, it is still facing challenges in properly guaranteeing equal opportunities for access to employment and ensuring that those hired are loyal not to the person who hired them but to the organisation where they are to work. Public organisations in Nuevo León require professional and qualified people with a deep commitment to public service to disseminate core public values and ensure good governance.

The AMITAI is a novel mechanism for screening candidates for public sector posts, but Nuevo León could add filters to check potential candidates' references and criminal/civil records and to ensure they understand and adhere to ethical principles and values, as Australia does (Box 3.15).

Box 3.15. Australia's recruitment processes to ensure the integrity of public servants

Filters can be built into to a recruitment process to ensure that applicants abide by an organisation's ethical requirements. In Australia, one agency analysed disciplinary issues amongst new recruits after 12 months on the job, and identified the need to better manage indicators of integrity earlier in the selection process.

As a result, interventions were instituted at important stages:

- A question and answer survey was included as part of the general information for potential applicants. It asked questions about how people felt about certain working conditions and interactions. Based on an indicative score, potential applicants were encouraged to proceed to the next stage or encouraged to discuss the role with people who knew them well before proceeding to the next stage.
- As part of the online application, candidates were asked targeted integrity questions about their background and experience, on such issues as authority, diverse cultures, financial management, etc. This provided base data for comparative purposes.
- Successful applicants in the technical assessment phase were required to answer the integrity questions again. Experts were asked to identify discrepancies or anomalies between the data sets and followed up on them with applicants. The delay between administering the questions increased the validity of the data.
- Only applicants who passed both the technical and the integrity phases successfully were invited to face-to-face interviews, which included a practical role play.

The outcome was a notable decrease in both disciplinary issues and increased retention rates for new recruits.

Source: Input provided by the Australian Merit Commissioner, June 2016.

Nuevo León could also consider drafting a new Public Service Law to build the required capacity for personnel to work in its various organisations. This could help ensure that well-qualified, professional candidates committed to working in the public interest are hired. This proposed law could help implement the Strategic Plan for Nuevo León 2015-2030, which describes the seven pillars of a talented management of human resources in the state, and could ensure the implementation of the merit-based principle, one of the core public service values provided for in Article 5 of the Nuevo León Anti-corruption System Law. This legislative reform could be accompanied by a review of responsibilities and salaries, particularly of those who occupy sensitive positions. This review would include those whose mandate is to mainstream integrity rules in public organisations, investigating potential breaches and punishing violations of public integrity rules. Public officials working on such matters should have the expertise to carry out the mandate and duties associated with integrity initiatives, with excellent job conditions such as job security and salaries commensurate with the responsibility of their work. International experience suggests they should also be shielded from undue political interference in exercising their functions, to ensure continuity, coherence and the consistency and objectivity of decisions taken.

This proposed law could also be accompanied by other policies (see Table 3.5) to integrate specific integrity measures in HRM. It is worth noting that HRM policies are unlikely to be effective if an administration is highly politicised and public servants are primarily loyal to the patron or the party rather than the public interest. Other impediments include a low culture of performance orientation, poor rewards and salaries, a low level of contract security, a lack of training and professionalism, high staff turnover, and a lack of guidance when conflict of interest or ethical problems arise.

Table 3.5. Mainstreaming integrity in human resources management

HRM practices	Mainstreaming integrity
Human resources planning	Assessing integrity risks of different positions and planning accordingly
Entry	Background checks, ethical tests, managing potential conflicts of interest arising from previous employment ("the revolving door"); developing job descriptions with ethical considerations in mind
Professional development, training and skills certification	Customised training on integrity policies
Performance evaluation	For managers: assessing their management of employees' conflict of interest or ethical dilemmas For employees: assessing their adherence to and compliance with integrity policies
Severance	Monitoring potential conflicts of interest arising out of employees' next post (e.g. the revolving door).

Source: (OECD, 2017[3]).

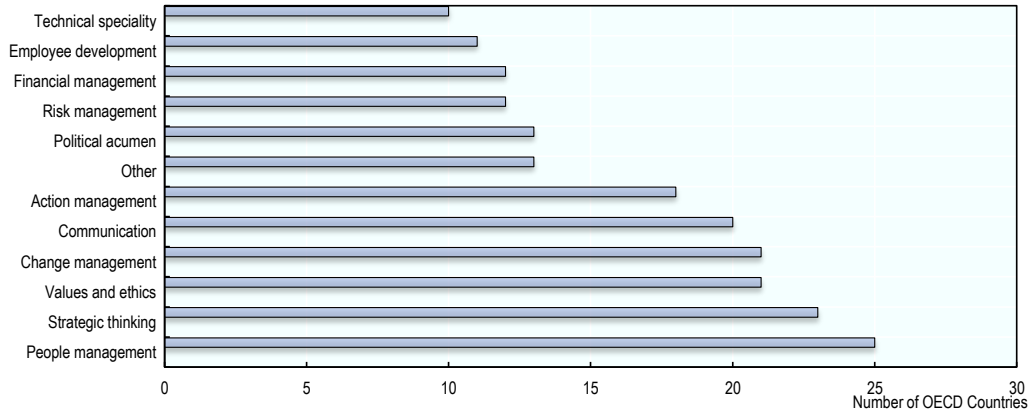
Finally, to enhance integrity in its public organisations, Nuevo León could designate the Ministry of Administration to coordinate the implementation of these policies and practices across the government.

3.5.2. Nuevo León could consider establishing a specific policy for recruiting senior officials and middle managers.

In adopting its recruitment policy, Nuevo León could also benefit from a new mechanism for hiring senior officials and middle managers committed to upholding integrity in their organisations. Nuevo León needs to recognise the positive impact these officials have in the performance, motivation and satisfaction of their teams (Orazi, Turrini and Valotti, 2013[29]). Establishing a recruitment policy for these officials should be made a priority and the ethics component in the assessment of their candidacy should be included, given that they have a strong influence on organisational culture and values.

International experience confirms that senior civil officials should be equipped to develop and support their teams to achieve their organisational mission and objectives (Van Wart, 2013[30]). To succeed, integrity strategies require not only tools but leadership qualities, in a context of growing complexity and new governance challenges. These managers should also have a sound understanding of how to manage conflicts of interest and ethics in a work environment (see Figure 3.5), to mainstream integrity policies and practices.

Figure 3.5. Competencies prioritised in the recruitment and development of senior managers in the public service in OECD countries



Source: (OECD, 2016[31]).

Middle managers in Nuevo León receive in-person training to review each of the seven principles of the Ethics Code and discuss exemplary behaviour and positive results in selected ministries. E-mails are also sent to this category of public officials, so they can internalise the principles and values embodied in the Ethics Code. Middle managers and supervisors are also required to behave according to the pre-identified conduct related to the competencies they must have to occupy the position and supervise their teams. This behaviour is assessed in the performance evaluation of the members of their teams.

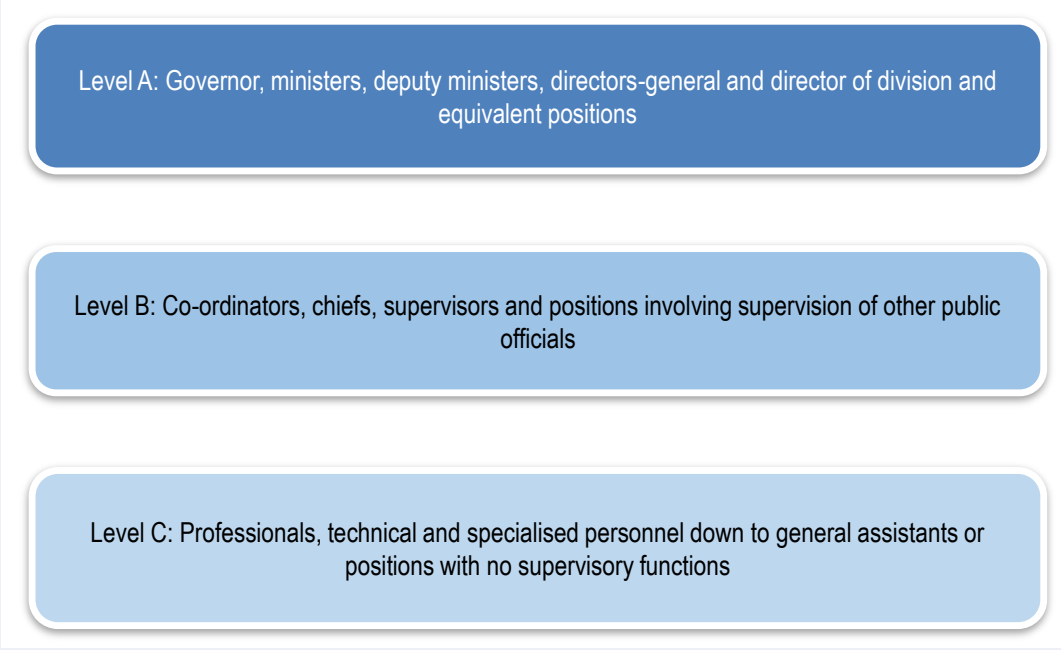
Although Nuevo León's policies and practices are aligned with the HRM practices detailed in Table 3.5, they could be improved. They do not mention that recruitment of these officials is based on the analysis of the integrity risks related to their position or their previous employment, as there are no pre-employment rules in place, on their experience dealing with potential conflicts of interest that may arise in their work environment. As currently structured, their performance evaluations do not seem to refer to the appropriate management of conflicts of interest and ethical dilemmas of the public officials under their supervision, even though they are jointly liable with their subordinates in cases of corruption.

3.5.3. Nuevo León could leverage its current model to professionalise its workforce to ensure that managers and internal comptrollers have the skills to promote a culture of integrity.

Nuevo León's training model for professionalising its public officials and instilling a culture of integrity focuses on acquiring four competencies, related to the culture of legality, leadership for services, result-oriented skills and innovation for transformation. This targets general and specific behaviour officials should abide by, depending on their position in the public administration and the level of responsibility associated with their position (Box 3.16).

Box 3.16. Classification of positions and competencies in Nuevo León's public service to instil a culture of integrity

To professionalise and develop specific training for public officials, and instil a culture of integrity in its public sector, Nuevo León has designed a strategy for training public servants. Public servants are sorted into three groups by position and level of authority.



Each of these groups is to be trained in four competencies: culture of legality, leadership for services, result-oriented skills and innovation for transformation. The content of the training is determined by the level of the position the public servant occupies. The training strategy to ensure the full understanding of the ethics rules set out in the Ethics Code is based on the group of public servants and officials.

Example of a training strategy on the Ethics Code by group of public servants:

Level A: A principle in the Ethics Code is sent monthly by e-mail to reinforce the training received and the expected behaviour in the given ministry, after which an evaluation is conducted.

Level B: In-person training, where each public servant reviews each principle of the code on a monthly basis

Level C: In-person training

Source: Information provided by Nuevo León in questionnaires and during interviews.

The main strength of this training model is that it is tailored to the positions, duties and functions of public officials. This ensures both that public officials occupying senior positions are held accountable for their behaviour and should help uphold integrity in the public sector, and that lower-ranking public officials have a common understanding of the integrity rules. Nuevo León needs, however, to develop more specific training in such issues as risk management, to give public servants the tools to identify potential risks of

corruption or integrity breaches in their work environment (see Chapter 6.). Specific training is also required for those dealing with integrity issues, so they have the skills to detect, manage and resolve ethical dilemmas and conflicts of interest that arise in their work, as well as specific knowledge to provide clarification to those in charge of investigating integrity breaches.

This training and continuing education, and an effective performance evaluation mechanism, can help orient the organisational culture in the public sector to uphold public officials' standards of conduct and instil a culture of integrity.

3.5.4. Nuevo León could build its performance evaluation programme and include ethics indicators.

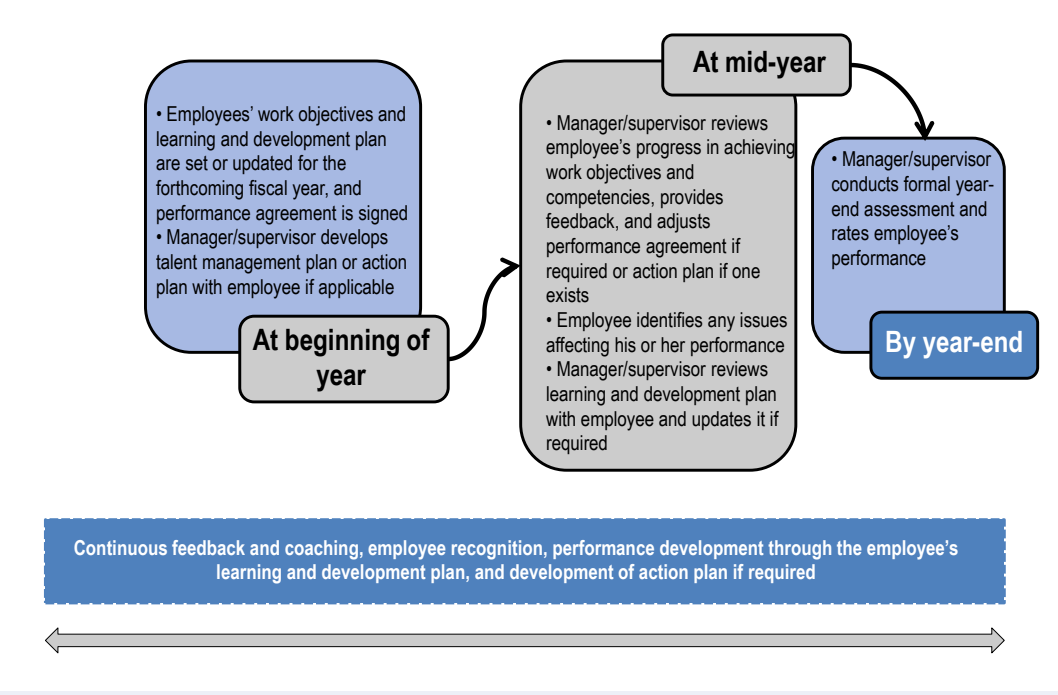
Regular performance evaluations carried out between public officials and their managers offer an opportunity to mainstream integrity policies. A culture of integrity requires not only setting the tone at the top but officials committed to advancing the public interest as they exercise their duties. Performance evaluations can be used as an important anchor for transmitting values and expectations in discussing past objectives and future goals (OECD, 2017[3]). Meetings between managers and their personnel can raise ethics issues even before assessing past performance, determining future goals and discussing distribution of the workload in their teams. This opportunity can be transformed into something more than a formal exercise, opening channels of communication amongst senior officials, managers and employees in the public service, as in Canada (Box 3.17).

Box 3.17. Canada's performance management as a tool for productivity and performance in the Public Service

In 2015, the Treasury Board Secretariat of Canada issued a new Performance Management strategy, to improve the work performance and productivity of individuals, teams and organisations. The Canadian public sector was responding to budgetary and fiscal pressures, increasing demands for public services, and the need for more transparency in reporting on the use of government funds. Under the guidelines issued, its proper implementation can help build and maintain trust between employer and employee, and create conditions to allow all employees to maximise their contributions and provide world-class service to Canadians.

This Performance Management strategy is the responsibility of deputy heads, or their delegates, who are to ensure its consistent, equitable and rigorous implementation in the core public administration. The focal point of performance management is the performance agreement, which spells out the work expectations for each employee.

The annual cycle of performance management:



Performance management is an ongoing process that involves planning, developing, coaching, providing feedback and evaluating employee performance. Some performance management requirements are time-specific:

- at the beginning of the fiscal year, when performance expectations are established;
- at midyear, when performance is reviewed;
- by year's end, when performance is assessed.

Other requirements are ongoing and apply to activities throughout the year and for employees on probation. These include review panels.

Source: Treasury Board Secretariat, "Performance management programme for employees", available at https://www.canada.ca/en/treasury-board-secretariat/services/performance-talent-management/performance-management-program-employees.html.

Performance assessment can also present an opportunity for discussion between managers and their employees on conflicts of interest and ethical dilemmas. They can be integrated in the assessment of employees' skills or qualifications, and used to help develop a professional plan for public servants.

Nuevo León is building a performance management programme that, if properly structured, could help instil a culture of integrity in its public organisations. Managers and personnel can be encouraged to discuss openly how to exercise judgement when confronted with situations that are brought to their attention that could constitute a conflict of interest, how to resolve them and how to learn from past experiences. As an initial exercise, Nuevo León built a training model to ensure that the four competencies oriented to ethical behaviour are clearly defined; that all public officials have the same knowledge and that they are aware of the standards of conduct expected of them as part of the public administration (see Box 3.18). This tool could be used to build a strong performance assessment programme linking employees' skills and competencies with their organisations' strategic priorities, the work required to achieve them and the way employees should behave within the ethics framework.

Box 3.18. How training programmes are used in Nuevo León to assess the ethical performance of public officials

The Directorate of Human Resources of the Ministry of Administration (*Dirección de Recursos Humanos de la Secretaría de Administración*) is working to build a performance assessment programme to evaluate the expected skills and behaviour for every Nuevo León public official. This work is ongoing, and no specific competency profile has been developed to describe the set of skills particular to a position, job, occupational group or functional community. It has also not been linked directly to the overall strategic priorities and the work required to achieve them.

For its performance assessment programme, Nuevo León has drafted a strategic plan to assess public officials' knowledge of ethics. The goal was to obtain a view of the discrepancy between how they act and what they were expected to do. A specific format has been elaborated for each of the four ethical behaviours expected. This evaluation form will be used to evaluate the conduct expected of all public officials, without reference to the position they occupy and specific conduct required of a particular level or position. The current format assessing the level of knowledge of the legal framework and institutional culture (culture of legality) requires Level A public officials as a general behaviour that they report violations of the legal framework and the organisation culture. However, this requirement is not mentioned for the other two categories of officials.

Based on this assessment, the Ministry of Administration will build an appropriate training programme for each public official. Nuevo León has included a comprehensive

evaluation of both general and specific conduct. This consists of a self-assessment by the public servant, the assessment of their superiors' behaviour and/or colleagues at their level. An example of the skills, behaviour assessed and indicators used for the assessment is described below for a Level A public official.

Competency: Culture of legality **Behaviour assessed:** Capacity to understand, comply with and promote the legal framework and institutional culture of the state, to create trust between public officials and citizens. **Level A**		**Always**	**Frequently**	**Occasionally**	**Never**
GENERAL BEHAVIOUR	**Say no to corruption:** Behaves in accordance with the legal framework for the public service and knows the procedure for reporting misconduct.				
	Ethics: Behaves in accordance with the organisational culture of the state government system.				
	Report: Know the whistle-blower procedure and how to apply its rules.				
	Openness: He or she is willing to receive feedback and / or accept consequences in the event of errors and / or negligence committed in relation to the legal framework and organizational culture, and make corrections in a timely manner.				
TOTAL					
SPECIFIC BEHAVIOUR	**Generates change:** Encourages and/or recognises the legal framework and institutional culture.				
	Agent of change: Motivates and sets an example for complying with the legal framework and institutional culture.				
	Feedback: Applies procedure related to the official's authority to sanction and/or correct employees in a timely fashion for actions that violate the legal framework and institutional culture.				
TOTAL					
ASSESSMENT		**GENERAL**			
		SPECIFIC			
		AVERAGE			

Source: Author, based on information provided by the Office of the Comptroller-General and Governmental Transparency.

Nuevo León could build on this performance evaluation, establishing key objective indicators, enumerating them and linking the assessment to the mission and goals of its organisations. It could also align organisations with their environment and the whole government objectives, as is done in Canada's performance assessment of public officials.

To instil a culture of integrity in its public organisations, Nuevo León might consider using the core public sector values set out in the Ethics Code as a foundation for leadership skills required of managers and senior managers in managing their teams. Properly used, these performance evaluations are invaluable tools for transmitting values and expectations, evaluating past and future objectives, identifying talented employees, detecting issues that may affect the organisational culture and are helpful for upholding standards of conduct in the workplace. The key role of the performance evaluations is only possible with managers who are well trained not only in how to deal with their teams but on how to resolve any ethical dilemmas and conflicts of interest that may arise.

Proposals for action

In October 2016, Nuevo León embarked on an ambitious campaign to raise public awareness of integrity, consisting of three phases (*sensibilización*, *profundización* and *aplicación*). It aims to raise awareness among all public officials of the Ethics Code and Nuevo León's integrity framework, advancing their knowledge and helping to carry out the strategy in the central administration. Progress has been made through the adoption of new instruments and engaging new actors. However, more will have to be done to instil a culture of integrity throughout the government. The following actions might be considered:

Strengthen the normative framework for public ethics and conflicts of interest

- In the medium term, the SEANL Co-ordination Committee could review the Ethics Code, allowing for wide stakeholder participation. The aim should be to adopt a single coherent regulation that addresses public ethics and conflicts of interest, and offers standards and guidance to public officials. After reviewing the Ethics Code, the Co-ordination Committee could ensure that the core ethics values are consistent with public sector values outlined in the normative framework.
- Develop public officials' ethical reasoning skills for resolving ethical dilemmas and conflicts of interest by mainstreaming public integrity measures in human resources management.
- To ensure accountability, link the values and principles included in the amended Ethics Code with appropriate sanctions. A brief explanatory definition of conflict of interest could be added, making a distinction between real, apparent and potential conflicts of interest and imposing appropriate sanctions in case of any infractions.
- Suggest that the Office of the Comptroller conduct surveys of public servants to help implement the integrity framework and ascertain the types of scenarios and ethical dilemmas that tend to recur.
- Identify areas at highest risk in the Government of the State of Nuevo León, to draft a risk-based guidance manual on ethics and conflicts of interest for officials who participate in high-risk activities, such as public procurement.
- Encourage each ministry to develop organisational codes, bearing in mind the specific context, responsibilities as well as the typical ethical dilemmas and conflicts of interest they face.
- Create a mechanism for publicly disclosing and communicating the results of the disciplinary system to lend credibility to the integrity system as a whole. This will

facilitate continuous learning by public officials and help prevent corrupt behaviour or breaches of integrity. It could also help promote understanding of prohibited practices and conduct among public officials.
- Analyse trends in the number of administrative sanctions imposed and criminal prosecutions, to identify any challenges in implementing integrity policies.

Ensuring the appropriate use of tax, assets and interest declarations to strengthen the effective implementation of integrity policies

- Create a comprehensive, dynamic, updated and harmonised information management system for public servants' declarations (tax, assets and interest declarations). Management of integrity information and monitoring public officials' wealth should aim to detect irregularities in acquisition or divestment of assets and resolve actual, perceived and potential conflicts of interest.
- Reduce the number of officials required to submit declarations required, following a risk-based approach, and make sure that those in positions of particular risk comply with this obligation by the appropriate deadlines.
- Make available and grant access to information submitted by senior officials in their asset declarations, in accordance with access to information regulations.
- Consider giving the responsibility to manage asset declarations and the two additional declarations to the proposed Ethics Unit, which would require amendment to the Organic Law of the Public Administration in order to transfer this responsibility from the Legal Directorate to the new unit.
- In the medium term, additional staff could join the Ethics Unit to manage the integrity framework, monitor public officials' wealth and detect irregularities in the acquisition or divestment of assets or in managing conflicts of interest.
- Redesign the communication strategy for integrity policies, particularly in relation to the obligations on tax, assets and interest declarations, to ensure that officials are aware of their obligations and understand that asset and interest declarations are tools that can help manage conflicts of interest when they arise.
- Design a verification and audit strategy with different checks on asset and interest declarations, allowing automatic validation of submitted declarations, linking with other databases (i.e. property registry, tax, etc.), with automatic notification of red flags that identify errors, missing information, and changes in assets, income and personal situation.
- Adopt a risk-based strategy with the support of the SFP to identify high-risk areas such as gifts and post-public employment.

Scaling-up initiatives to create a culture of integrity in the public administration and promote change in behaviour

- Evaluate the existing integrity awareness-raising strategy to identify weaknesses and opportunity areas in its three stages.
- In light of the results of the evaluation, review the existing integrity awareness-raising strategy by:
  - considering the specificities of the individual public organisations (missions, objectives, strategic plans, etc.) and the risks associated with their activities;
  - improving the second and third stages of the strategy by considering insights from behavioural science and scaling up effective practices;
  - designing ethics training targeted to specific groups of officials;

  - preparing real-world scenarios of conflicts of interest and ethical dilemmas, so that public officials can discuss them openly and freely;
  - co-ordinating a communications strategy for all public sector stakeholders, citizens and the private sector;
- Include ethical or moral reminders to reduce corrupt behaviour in the work environment, especially when public officials are part of a decision-making process.
- Develop a set of indicators to monitor awareness-raising initiatives, adapting them to new challenges and redefining the objectives where necessary.
- make sure that awareness-raising campaigns reach all public organisations and municipalities, with the participation and co-ordination of the proposed Ethics Unit (Chapter 1), the Integrity Contact Points (Chapter 1), the Ministry of Administration and the Executive Agency for the Co-ordination of the State's Public Administration.
- Organise and test projects based on insights from the behavioural sciences, to observe integrity dynamics in a selected office. The aim should be to better understand how the group reacts to undesirable ethical behaviour and to highlight ethical success stories.

Building capacity to promote integrity in public entities and organisations

- Propose adopting a new, coherent and integrated Public Service Law that includes the updated policies established in the Statute to Professionalise the Public Service in Nuevo León. The revised Law could also provide for recruitment policies based on the analysis of the integrity risks related to the position, ethical skills, and pre- and post-employment rules, to ensure that those hired are loyal to the organisation and respectful of the public interest.
- Use additional integrity filters in recruitment policies and procedures, including an ethics component in the assessment of potential public servants, linking competencies with the strategic priorities of public sector organisations and with ethical behaviour. Additional integrity measures to implement in the recruitment process, especially for senior officials and middle managers, could include checking references, analysing criminal records, and conducting interactive hiring interviews testing adherence to ethical principles and values.
- Carry out capacity-building training for senior officials and middle managers on risk management, to give them the tools to identify potential risks of corruption or integrity breaches in their work environment and organisations.
- Develop a performance evaluation programme for middle and senior officials by establishing objective ethics indicators. This programme could also link the assessment to the mission and organisational objectives, as well as to whether conflicts of interest and ethical dilemmas are properly managed.

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Chapter 4. Promoting an open organisational culture in Nuevo León

This chapter considers the mechanisms put in place by Nuevo León to provide public officials advice and guidance when they are confronted with doubts and dilemmas that arise over issues of integrity. It also analyses the dedicated whistle-blowing law that Nuevo León adopted in 2013 to encourage reports of corrupt conduct committed by public officials. This chapter provides a set of recommendations for creating an open organisational culture, as well as improving the impact and effectiveness of the existing legal framework. It recommends that senior leadership play a more central role in stimulating dialogue and communication on integrity-related issues. Furthermore, it calls on Nuevo León to reinforce some aspects of its legal framework, including providing meaningful incentives, and ensuring effective protection in case of reprisals.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

4.1. Introduction

A key element in building a culture of integrity in any organisation is to support an open culture that stimulates discussion of integrity-related questions and concerns, and which offers adequate channels for its members to report suspected misconduct without fear of reprisal. The significance of dialogue and openness in the public sector clearly emerges from the *OECD Recommendation of the Council on Public Integrity* (OECD, 2017[1]). Member countries are encouraged to create a culture where public officials can openly discuss ethical dilemmas and integrity issues with the advice and guidance of the leadership. Meanwhile, clear rules and procedures need to be in place to report and protect suspected violations of integrity standards, and to allow those who come forward to report them in confidence if necessary.

An open organisational culture, responsive to integrity concerns, requires a combination of measures supporting public officials at different levels, including engagement, credibility/trust, empowerment and courage (Berry, 2004[2]). On the one hand, organisational measures should encourage senior managers to lead by example and to adopt an open-door culture promoting trust. On the other hand, guidance and protection need to be available to facilitate the reporting of misconduct, fraud and corruption.

Providing whistle-blowing protection is a fundamental step for supporting open organisational culture but also for ensuring accountability and uncovering episodes of fraud or corruption that would otherwise be difficult to detect. Public officials, but also employees in the private sector, are exposed daily to the practices of their organisation, and are therefore in a privileged position to notice abuses and recognise wrongdoing (UNODC, 2015[3]). These elements make whistle-blowing a fundamental element in ensuring an open organisational culture, but also the "ultimate line of defence for safeguarding the public interest" (OECD, 2016[4]).

This chapter analyses the mechanisms Nuevo León has put in place to promote an open organisational culture in the public sector, and the extent to which they stimulate discussion and reporting of ethical issues and breaches of integrity. It provides recommendations for promoting an open culture in the public administration – especially by Nuevo León's senior leadership – as well as some insights on how to enhance the current legislative framework laid out in the Whistle-blowing Law adopted in 2013 (*Ley para Incentivar la Denuncia de Actos de Corrupción de Servidores Públicos del Estado de Nuevo León*).

4.2. Creating an open organisational culture

4.2.1. Nuevo León should define clear channels for public officials to ask advice and receive guidance when they are confronted with integrity-related doubts and dilemmas.

The first essential element in creating an open organisational culture in public organisations is to create the right conditions for public officials to freely discuss ethical dilemmas, public integrity concerns and errors (OECD, 2017[1]). These efforts should be linked to the broader endeavour to instil a culture of integrity in the public sector, as illustrated in Chapter 3. , and also to the need to set up dedicated, well-trained professionals or units responsible and accountable for implementing and promoting ethics and conflict-of-interest policies.

Interviews conducted during the fact-finding mission showed that public officials in Nuevo León are dealing with a fragmented normative framework that can leave them uncertain as to which entity is responsible for ethics in the public sector. This lack of clarity also concerns the question of how they should seek advice or guidance if they face doubts or dilemmas over issues of integrity. Most of the officials interviewed in the fact-finding mission said they were not aware of any office or institution that could offer them advice or guidance if they were confronted with ethical or conflict of interest issues. This finding confirmed the absence of any relevant recourse in the legal framework.

Given the lack of any institution or mechanism responsible for providing guidance on integrity-related issues, Nuevo León could introduce safe channels that offer public officials a communication channel of this kind. The responsibility might be assigned to the Integrity Contact Points, in line with the recommendation in Chapter 1. Their mandate should essentially be limited to a preventive role, focusing on providing guidance rather than processing complaints or disciplinary proceedings. Ensuring separation from the enforcement function is crucial, since ethical guidance needs to be provided in an open environment where public officials can seek advice without fear of reprisal (OECD, 2017[5]). This is particularly relevant in Nuevo León, where no clear distinction appears to have been drawn between an open organisational culture and the audit and enforcement functions. Some of the officials interviewed suggested that they should seek advice in case of doubts or questions from the Anti-corruption Unit or the Internal Control Units.

4.2.2. Senior officials in Nuevo León should be assigned specific responsibilities to demonstrate ethical leadership and commitment.

The *OECD Recommendation of the Council on Public Integrity* (OECD, 2017[1]) emphasises that to create a comprehensive integrity system, it is crucial to "demonstrate commitment at the highest political and management levels within the public sector to enhance public integrity and reduce corruption". This is also a necessary condition for establishing an open organisational culture responsive to integrity concerns. The commitment of leaders to organisational values helps to build trust and create a safe environment where employees can come forward and report their concerns (Berry, 2004[2]). By leading by example, senior officials and managers build credibility and create the right conditions for employees to discuss ethical dilemmas and treat disclosures of misconduct consistently. This has been recognised in some OECD countries, for example Australia, where leadership is one of the building blocks supporting a corporate culture where organisational values underpin decisions, actions and behaviour (see Box 4.1).

Box 4.1. The Australian Public Service identifies leadership as one of the building blocks for a values-based culture

The Australian Government's Public Service Commission released a guide aimed at assisting agencies to integrate the Australian Public Service (APS) Values (impartiality, ethics, respect, accountability, commitment to service) into its organisational culture and the day-to-day work of all their employees. Building on practice and research, the guide identifies the building blocks for a values-based culture (commitment, leadership, management systems, assurance) and describes the expected outcomes for the APS as a whole, as well as for the individual agencies. The guide is intended as a checklist for measuring progress in establishing a values-based culture.

"Leadership" is identified as one of the four building blocks for integrating the values of the public service in into everyday decisions and actions. It is expected to translate into the following outcomes:

- For the APS:
  - Leaders integrate the APS Values into their agency's decision-making processes and culture and consistently reflect the values in their own behaviour.
- For the agency:
  - Leaders take a stewardship role and build the APS Values into the governance practices of their agency and wider APS.
  - Leaders build a culture of trust with employees and agency stakeholders and clients.
  - Leaders model the APS Values, have the highest standards of behaviour and make sound, reliable, fair and ethical decisions.
  - Leaders coach and guide others to take sound, reliable, fair and ethical decisions.
  - Leaders make clear that conduct consistent with the APS Values is expected and deal appropriately and effectively with unacceptable behaviour.
  - Leaders guide employees in understanding the relevance of the APS Values to their day-to-day work.

Source: (Australian Public Service Commission, 2014[6]).

In Nuevo León, interviews with senior government staff indicated a lack of any practice or formal responsibility to encourage open communication on integrity concerns and the absence of any pro-active initiative to set the tone at the top or to stimulate dialogue on this subject.

The legal framework already stipulates that public entities are required to disseminate whistle-blowing regulation (Article 7 of the Whistle-blowing Law). The Office of the Comptroller and Governmental Transparency (*Contraloría y Transparencia Gubernamental*, or Office of the Comptroller) could thus monitor senior officials' progress in fulfilling this responsibility and more broadly in creating an open organisational culture. This would align Nuevo León's practice with the practice of other OECD countries, which puts special emphasis on the role of senior civil servants in promoting integrity and leading by example. In Canada, for instance, the Public Servants Disclosure Protection Act requires the chief executives of all public sector departments and organisations to appoint senior officers who not only demonstrate a key leadership

role but provide information and advice to employees and supervisors and make recommendations to the chief executive (Box 4.2).

Box 4.2. Canada's ethics policy for senior officials and departmental officers

Senior officials for public service values and ethics

The senior official for values and ethics supports the deputy head in ensuring that the organisation exemplifies public service values at all levels of the organisation. The senior official promotes awareness, understanding and the capacity to apply the code amongst employees, and ensures that management practices support values-based leadership.

Departmental officers for conflict of interest and post-employment measures

Departmental officers for conflict of interest and post-employment are specialists in their respective organisations who have the responsibility to advise employees on the conflict of interest measures in Chapter 2 of the Values and Ethics Code.

Source: (Government of Canada, 2018[7]).

Another way the senior leadership of Nuevo León could demonstrate its commitment to organisational values and to build organisational expectations for employees is to assign senior officials additional responsibilities to ensure the protection of disclosures. This is mandated by the Australia's Public Interest Disclosure Act 2013, which assigns specific obligations and responsibilities to some actors in the whistle-blowing process, including such senior staff as principal officers (see Box 4.3).

Box 4.3. Obligations of Australia's principal officers

Additional obligations of principal officers

1. The principal officer of an agency must establish procedures for facilitating and dealing with public interest disclosures relating to the agency. The procedures must include:
   a. assessing risks that reprisals may be taken against the persons who make those disclosures;
   b. providing for confidentiality of investigative processes.

The procedures must comply with the standards made under Paragraph 74(1)(a) of the Public Disclosure Act.

2. Procedures established under subsection (1) are not legislative instruments.
3. The principal officer of an agency must take reasonable steps:
   a. to protect public officials who belong to the agency from detriment, or threats of detriment, relating to public interest disclosures by those public officials;
   b. to make sure that the number of authorised officers of the agency is sufficient to ensure that they are readily accessible by public officials who belong to the agency;
   c. to ensure that public officials who belong to the agency are aware of the identity of each authorised officer of the agency.

4. The principal officer of an agency must ensure that appropriate action is taken in response to recommendations in a report under Section 51, or any other matters raised in such a report, that relate to the agency.

Source: (Australia, 2013[8]).

Lastly, openness in the organisation could be motivated by developing the ethical behaviour of public officials at the junior level, who might be assisted by senior managers in this respect through a mentorship programme. This would not only support the future leaders of an organisation to think through situations and develop awareness of ethical issues, but reinforce senior officials' ethical convictions and promote an organisational culture where public officials feel comfortable in reporting wrongdoing (OECD, 2017[5]). Since Nuevo Léon does not at present have such a programme, the Comptroller-General could develop a pilot programme creating incentives and rewards for junior and senior staff who qualify and successfully participate in it.

4.2.3. The contribution of senior management toward creating an open organisational culture should be considered in their performance evaluation.

A key element in determining public servants' perceptions and their belief in their leadership's ability to create an open organisational culture is the way leaders communicate what is important by rewarding desirable behaviour, in both formal and informal ways. Managers should not be promoted or rewarded if they are known to tolerate questionable or unethical practices; similarly, they should not be punished or denied career opportunities for creating the conditions for reporting misconduct (Berry, 2004[2]).

Nuevo León does not at present have a means of rewarding senior managers, or allowing them to reward their staff, for their attitude and actions towards creating an open organisational culture. This can be explained by the fact that the state does not have a general employment framework for the civil service. However, it is currently building a performance management programme (see Chapter 3.) that could be helpful in this respect. Chapter 1. recommended that Nuevo León's existing efforts could be developed to hold senior managers accountable for displaying exemplary behaviour, and similar efforts could be undertaken to encourage an open organisational culture. Such a mechanism could also clearly define expected profiles and behaviour, which could then serve as the basis for selection, development and performance management of senior public officials. Canada's Key Leadership Competencies Profile could be helpful here. This defines the behaviour expected of public service leaders in different roles (deputy minister, assistant deputy minister, director-general and director, as well as manager and supervisor) including a responsibility to "uphold integrity and respect" (see Box 4.4).

Box 4.4. 'Integrity and Respect' as part of the Key Leadership Competencies in the Canadian Service

One of the key leadership competences Canadian executives and senior leaders are measured against is to "Uphold integrity and respect". Leaders are expected to model ethical practices, professionalism and integrity. The goal is to build an open organisational culture where employees are confident in seeking advice, expressing diverse opinions and promoting collegiality.

Examples of effective and ineffective behaviour specified for upholding integrity and respect at the different levels include:

Deputy minister

- Values and provides authentic, evidence-based advice in the interest of Canadians.
- Holds self and the organisation to the highest ethical and professional standards.
- Models and instils commitment to citizen-focused service and the public interest.
- Builds and promotes a bilingual, inclusive, healthy organisation respectful of the diversity of people and their skills and free from harassment and discrimination.
- Exemplifies impartial and non-partisan decision-making.
- Engages in self-reflection and acts upon insights.

Assistant deputy minister

- Values and provides authentic, evidence-based advice in the interest of Canadians.
- Holds self and the organisation to the highest ethical and professional standards.
- Models and builds a culture of commitment to citizen-focused service and the public interest.
- Builds and promotes a bilingual, inclusive, healthy organisation respectful of the diversity of people and their skills and free from harassment and discrimination.
- Exemplifies impartial and non-partisan decision making.
- Engages in self-reflection and acts upon insights.

Director-general

- Values and provides authentic, evidence-based advice in the interest of Canadians.
- Holds self and the organisation to the highest ethical and professional standards.
- Models commitment to citizen-focused service and the public interest.
- Creates opportunities that encourage bilingualism and diversity.
- Advances strategies to encourage an inclusive, healthy organisation, respectful of the diversity of people and their skills and free from harassment and

discrimination.
- Exemplifies impartial and non-partisan decision making.
- Engages in self-reflection and acts upon insights.

Director

- Values and provides authentic, evidence-based advice in the interest of Canadians.
- Holds self and the organisation to the highest ethical and professional standards.
- Models commitment to citizen-focused service and the public interest.
- Creates opportunities that encourage bilingualism and diversity.
- Encourages practices to promote an inclusive, healthy organisation, respectful of the diversity of people and their skills and free from harassment and discrimination.
- Exemplifies impartial and non-partisan decision making.
- Engages in self-reflection and acts upon insights.

Manager

- Values and provides authentic, evidence-based advice in the interest of Canadians.
- Holds self and the organisation to the highest ethical and professional standards.
- Models commitment to citizen-focused service and the public interest.
- Supports the use of both official languages in the workplace.
- Implements practices to advance an inclusive, healthy organisation that is free from harassment and discrimination.
- Promotes and respects the diversity of people and their skills.
- Recognises and responds to matters related to workplace well-being.
- Carries out decisions in an impartial, transparent and non-partisan manner.
- Engages in self-reflection and acts upon insights

Supervisor

- Values and provides authentic, evidence-based advice in the interest of Canadians.
- Holds self and the organisation to the highest ethical and professional standards.
- Models commitment to citizen-focused service and the public interest.
- Supports the use of both official languages in the workplace.
- Implements practices to advance an inclusive, healthy organisation, that is free from harassment and discrimination.
- Promotes and respects the diversity of people and their skills.
- Recognises and responds to matters related to workplace well-being.
- Carries out decisions in an impartial, transparent and non-partisan manner.
- Engages in self-reflection and acts upon insights.

Examples of generic ineffective behaviour for all roles:

- Places personal goals ahead of Government of Canada objectives.
- Shows favouritism or bias.
- Does not take action to address situations of wrongdoing.
- Mistreats others and takes advantage of the authority vested in the position.

Source: (Treasury Board Secretariat, 2016[9]); (OECD, forthcoming[10]).

4.3. Strengthening the whistle-blowing framework

4.3.1. The whistle-blowing law in Nuevo León provides a dedicated framework to encourage and protect reports of corruption.

Providing protection for whistle-blowers is an essential element in supporting an open organisational culture where employees are aware of how to report wrongdoing and have confidence in reporting and the protection and follow-up procedures in effect (OECD, 2016[4]).

Unlike the legal framework at the federal level protecting public officials and citizens who disclose misconduct in the public sector through various provisions in several laws (OECD, 2017[11]), Nuevo León has a dedicated whistle-blower protection law adopted in 2013 to promote reports of corrupt conduct of state-level public officials (*Ley para Incentivar la Denuncia de Actos de Corrupción de Servidores Públicos del Estado de Nuevo León*, the Whistle-blowing Law). This instrument introduces procedures and mechanisms to encourage the reporting of corrupt conduct of public officials of the central and semi-public public administration. It also includes a protection programme for public servants or citizens reporting such acts or providing testimony.

The dedicated nature of Nuevo León's Whistle-blowing Law is coupled with a broad subjective and objective scope. It applies to public officials, who are defined as those performing any kind of work, function or duty in the public administration, both at the state and municipal level, and it also applies to citizens. On the other hand, the law identifies an act of corruption as any action or omission committed by public officials in the exercise of their attributions or functions and contravening any obligation established in Article 50 of the Law of Responsibilities of Public Servants of Nuevo León (*Ley de Responsabilidades de los Servidores Públicos del Estado y Municipios de Nuevo León*, or LRSPEMNL), whenever they obtain or intend to obtain undue advantages of any nature, for themselves or for a third party, or accept the promise of such advantages, in exchange for performing or refraining from performing an act in violation of their obligations.

4.3.2. Nuevo León could ensure that the whistle-blowing framework applies outside the executive branch and that the definition of protected disclosure is clarified.

A strength of the Whistle-blowing Law in Nuevo León is that its subjective scope is broadly defined, requiring all public officials and citizens to report acts of corruption and provide them some degree of protection. In OECD practice, a "no loophole" policy is considered an essential element of any whistle-blowing legal framework. This makes it possible to include categories of public employees who are outside the traditional employee-employer relationship (e.g. consultants, contractors, trainees/interns, temporary

employees, former employees and volunteers) (OECD, 2016[4]). However, Article 28 of the Whistle-blowing Law limits its scope of application to those working in the executive branch, providing that the legislative and judiciary powers as well as the constitutional and autonomous bodies and municipalities of Nuevo León determine that their public officials will be subject to this law and establish administrative bodies under their own jurisdictions accordingly.

Although the limit of applicability of the Whistle-blowing Law may be due to relevant limits of competence set at the constitutional level, such an approach risks fragmenting the scope of whistle-blowing protection. While agreements between the executive power and municipalities (see Chapter 1.) address such issues, there is no account of similar mechanisms with Congress and judicial institutions, which should therefore ensure a homogeneous level of protection to whistle-blowers. Both the legislative and judicial branches have a role in the Local Anti-corruption System of Nuevo León, which also has the authority to improve whistle-blowing channels and could therefore ensure the same level of protection to public officials working in any public institution in the state.

As for disclosures that benefit from legal protection, the scope of the Law includes any act of corruption, which is defined, in turn, as any breach of the obligations laid out in Article 50 of Nuevo León's Responsibilities Law for Public Officials to the extent any act is directed to obtain an undue advantage (see Chapter 3.). While from a formal perspective the definition ensures the coverage of a wide range of unlawful conducts since the reference to the LRSPEMNL includes around 70 obligations, it does not allow a potential whistle-blower to clearly identify conduct whose disclosure would be protected. This could confuse understanding of its scope, especially if one considers that the relevant conducts are only those breaches of Article 50 of the LRSPEMNL that constitute an exchange for an undue advantage. Furthermore, the definition provided in the Whistle-blowing Law does not include breaches of the Code of Conduct and does not make explicit reference to criminal provisions, which also reveals a gap (or the perception of a gap) in the scope of conducts that are subject to whistle-blowing protection.

When defining the scope of protected disclosures, countries should ensure a balance and avoid making the scope too detailed or too broad. An overly detailed approach may allow for too much discretional choices and become an impediment for those who do not have detailed knowledge of relevant legal provisions. On the other hand, a broad approach may be too vague and discourage people from speaking out openly within the organisation (Banisar, 2011[12]). To help make the scope of the application of the Whistle-blowing Law more easily comprehensible, Nuevo León could revise its legal framework. A more balanced approach to defining protected disclosures could provide a definition that is clear, comprehensive and also detailed, as set out in the United Kingdom's legislation (see Box 4.5).

Box 4.5. The United Kingdom's definition of the scope of protected disclosure

Disclosures qualifying for protection

(1) In this Part a "qualifying disclosure" means any disclosure of information which, in the reasonable belief of the worker making the disclosure, tends to show one or more of the following:

(a) that a criminal offence has been committed, is being committed or is likely to be committed,

(b) that a person has failed, is failing or is likely to fail to comply with any legal obligation to which he is subject,

(c) that a miscarriage of justice has occurred, is occurring or is likely to occur,

(d) that the health or safety of any individual has been, is being or is likely to be endangered,

(e) that the environment has been, is being or is likely to be damaged, or

(f) that information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.

(2) For the purposes of subsection (1), it is immaterial whether the relevant failure occurred, occurs or would occur in the United Kingdom or elsewhere, and whether the law applying to it is that of the United Kingdom or of any other country or territory.

(3) A disclosure of information is not a qualifying disclosure if the person making the disclosure commits an offence by making it.

(4) A disclosure of information in respect of which a claim to legal professional privilege (or, in Scotland, to confidentiality as between client and professional legal adviser) could be maintained in legal proceedings is not a qualifying disclosure if it is made by a person to whom the information had been disclosed in the course of obtaining legal advice.

(5) In this Part "the relevant failure", in relation to a qualifying disclosure, means the matter falling within paragraphs (a) to (f) of subsection (1).

Source: (United Kingdom, 1998[13]).

4.4. Providing the right incentives to encourage whistle-blowers

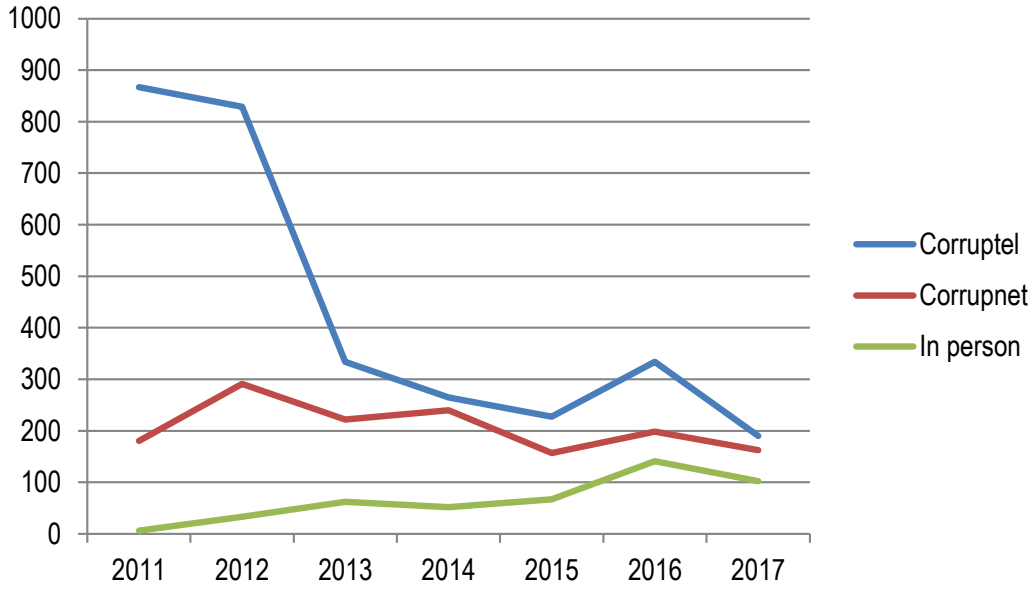
4.4.1. Nuevo León should ensure the availability of internal and external channels for disclosing episodes of corruption.

Each disclosure is linked with specific circumstances, which in turn determine the most appropriate channel of disclosure. Whistle-blowers should have various channels at their disposal and the choice to use the one they trust most to use in the given situation. This also means that channels of reporting should not be limited to a choice of either reporting internally within the organisation or directly to external authorities but should rather operate concurrently (UNODC, 2009[14]; UNODC, 2015[3]).

In Nuevo León, according to the Whistle-blowing Law, the only institutional channel for submitting complaints is directed to the Anti-corruption Unit (*Unidad Anti-corrupción*) in the Office of the Comptroller, which receives and follows up complaints. It is also in charge of receiving requests for protection measures related to administrative violations, awarding economic rewards and receiving and expediting complaints for acts of reprisal.

When submitting a disclosure to the Anti-corruption Unit, public officials and citizens have three options: *1)* through the Corrupnet website (www.corrupnetnl.mx); *2)* by calling the Corruptel telephone number, 070; *3)* in person at the Comptroller Office. Official data from the Anti-corruption Unit show that the telephone is used the most, accounting for more than half the complaints submitted (see Figure 4.1).

Figure 4.1. Ways of submitting complaints to the Anti-corruption Unit (2011-2017)



Source: Information provided by the Anti-corruption Unit for reports received from 2011-2017.

The existing whistle-blowing channel directed to the Anti-corruption Unit is increasingly used to report wrongdoing and is gaining citizens' trust. However, Nuevo León does not provide public officials an option for disclosing wrongdoing in their organisation or to an external authority independent of the Executive. Appropriately designed internal channels are an essential prerequisite for any organisation's integrity system in which employees can place their trust, but it also demonstrates integrity leadership and a will to tackle corruption (OECD, 2018[15]). An unimpeded path, free of reprimand and retribution, can favour an open organisational culture based on a fruitful partnership involving employees and management. Internal reporting is a channel where people feel most at ease to report wrongdoing. In the United Kingdom, for instance, a majority of working adults (83%) indicated that if they had a concern about possible corruption, danger or serious malpractice at work, they would raise it with their employers (Vandekerckhove, James and West, 2013[16]). In Nuevo León, the lack of internal mechanisms to raise concerns not only prevents public officials from using a reporting channel that is common practice in OECD countries, but also confirms an organisational culture where integrity issues are not freely discussed and where discussing certain practices is not typical. The absence of an open organisational culture – in principle, set by management and infusing the entire organisation – was confirmed during the fact-finding mission. Most of the officials interviewed said they were not aware of any formal or informal mechanism for discussing ethical doubts or raising concerns about integrity in their organisation.

Potential whistle-blowers should also be able to disclose to an external body if they feel that disclosing internally would not lead to an adequate response within a certain

timeframe, or if appropriate action is not taken. They should be allowed to skip the internal element of the disclosure process, if they fear and have reason to believe that they would suffer consequences, such as the reprimand by their organisation's internal mechanism, the loss of their anonymity/confidentiality, or a cover-up of the misconduct. Making external channels directly accessible may also be necessary in the case of a disclosure about an imminent threat or emergency and when internal channels are overly cumbersome (OECD, 2016[4]). For these reasons, some countries have established separate, independent agencies that can receive, investigate and provide remedies for complaints related to retaliation (Box 4.6).

Box 4.6. Independent central and integrity agencies

Best practices allow for a whistle-blower to report to easily identifiable independent central and integrity agencies. For example:

- "proper authorities", administrative agency or administrative organ, a public interest disclosure agency, public employment agencies or a "prescribed" person;
- the Auditor-General;
- the Counsel;
- anti-corruption bodies;
- an ombudsman;
- the police and the Director of Public Prosecutions;
- the Public Protector (South Africa);
- relevant policy agencies;
- trade unions.

Source: (Latimer and Brown, 2008[17]).

To give whistle-blowers the chance to decide whom to make disclosures to, according to individual circumstances, and thus to allow them to make such disclosures with greater confidence, Nuevo León could consider introducing a tiered approach. This would be in line with the practice in some OECD countries, where public sector whistle-blowers may first bring their disclosures to the attention of their employer and use external reporting channels as a last resort (OECD, 2016[4]). This is the case, for instance, in Canada, where disclosures can be reported to an immediate supervisor, to senior officers responsible for internal disclosures, or to the Office of the Public Sector Integrity Commissioner of Canada. Similarly, in Australia, public interest disclosures can be made: *1)* within the government, to an authorised internal recipient or a supervisor, concerning suspected or probable illegal conduct or other wrongdoing, *2)* to anybody, if an internal disclosure of the information has not been adequately dealt with, and if wider disclosure satisfies public interest requirements, *3)* to anybody, if there is substantial and imminent danger to health or safety, or *4)* to an Australian legal practitioner for purposes connected with the first three points. For the internal disclosure Nuevo León could consider giving the responsibility to a senior officer appointed in each organisation, as is the case in Canada

(see Box 4.7). For external reporting, Nuevo León should consider an independent institution highly trusted by citizens and public officials.

Box 4.7. Canada's procedures for internal disclosures

Canada's Public Servants Disclosure Protection Act requires the chief executives of all public sector departments and organisations to appoint senior officers for disclosure of wrongdoing and to establish procedures for the management of disclosures in their organisation. A senior officer in each organisation receives and deals with internal disclosures made under the act. These officials have key leadership roles in the implementation of the act in their organisations and provide information and advice on the legislation to employees and supervisors. They also receive, record and review disclosures of wrongdoing, lead investigations of disclosures, and make recommendations to the chief executive about any corrective measures to be taken in relation to wrongdoing found. Chief executives must provide public access to information about cases of verified wrongdoing resulting from an internal disclosure under the act.

Source: (OECD, 2016[4]).

4.4.2. The existing arrangements to ensure the confidentiality and security of whistle-blowing information could be reinforced.

There is a lively debate on the desirability of anonymous reporting mechanisms for whistle-blowers. On the one hand, they encourage reporting where there is no open organisational culture and the environment is not prone to whistle-blowers. On the other hand, they may increase the number of reports based on insufficient or unreliable information or even on vindictive and unfounded allegations. In in slightly over half (59%) of OECD countries surveyed, whistle-blowers can report anonymously. However, most whistle-blower protection systems provide for confidential channels protecting the identity of whistle-blowers (OECD, 2016[4]).

Under Article 11 of its Whistle-blowing Law, Nuevo León provides for the possibility to report anonymously and in such cases, gives the Anti-corruption Unit the discretion to assess the information received and determine whether any action should be taken. The Whistle-blowing Law guarantees the confidentiality of the complainant's identity in these ways:

Reports are recorded in writing and are assigned a special numerical code to identify the complainant.

All public officials in the Anti-Corruption Unit sign a confidentiality agreement, committing them, among other things, to maintain secrecy on the information to which they have access. Staff receiving the complaints through the Corruptel phone number also sign a confidentiality agreement, but its scope is more limited.

No direct reference can be made to the complaint's identity in any subsequent administrative or judicial proceedings, unless expressly provided otherwise.

A register is maintained listing the names and dates of all those with knowledge of a complaint file, to deter them from disclosing that information.

All whistle-blowers' personal data is considered confidential, pursuant to the definition of the Transparency and Access to Information Law of Nuevo León (*Ley de Transparencia y Acceso a la Información del Estado de Nuevo León*).

Public officials or citizens wishing to report anonymously can do so through two of the channels currently available: online and on the phone. With the online reporting mechanism (www.corrupnetnl.mx), the fields on personal details disappear when opting for such possibility, and telephone operators are trained to ask whistle-blowers whether they want to remain anonymous at the beginning of the call and, in that case, ask a limited number of questions. In practice, 70% of the total complaints received so far have been anonymous (see Table 4.1). This was especially the case around 2012-2013, at a time of great insecurity in the state, when many preferred safer reporting channels.

Table 4.1. Types of complaints received by the Anti-corruption Unit

	Identified	Anonymous
Municipalities	439	579
State Public Administration	660	707
Other	99	147
Total	**1 198 (57.40%)**	**1 433 (68.21%)**

Source: Information from the Anti-corruption Unit on reports received from 1 November 2011 to 19 May 2017.

Although Nuevo León's whistle-blowing framework emphasises confidentiality and provides for the possibility of making disclosures anonymously, interviews during the fact-finding mission revealed two weaknesses that may undermine the security of the information handled and therefore public confidence in the whistle-blowing system as a whole. Firstly, the confidentiality agreement signed by those working in the Anti-corruption Unit and mentioned in the Whistle-blowing Law does not apply to the staff who receives complaints through the Corruptel phone number, who sign a different agreement. This leaves open the possibility that they do not respect the highest standards of confidentiality in handling complaints Such gap is particularly meaningful considering that most complaints are submitted through the Corruptel phone number 070 (Table 4.1). A second flaw is that the paper material on each file is stored in boxes in the Comptrollership's Anti-corruption Unit and secured with a standard lock, not under advanced security to protect sensitive information.

Since trust in the whistle-blowing system also depends on the confidentiality and security of related information, Nuevo León should take steps to enhance the existing arrangements and reassure whistle-blowers that the confidentiality of their information is taken seriously. In this sense, it should first extend the obligation to sign a confidentiality agreement to anybody with access to information, including those who receive complaints by phone, and train them adequately on how to ensure the highest standards of confidentiality. Secondly, Nuevo León should reinforce security mechanisms to access whistle-blowing reports in both their paper and digital version. For this purpose, and more generally to ensure the most appropriate level of security measures, Nuevo León could carry out an information security risk assessment based on elements spelled out in EU Regulation No. 45/2001, to ensure the security of data processed by EU institutions (see Box 4.8) and, when necessary, take the necessary steps to mitigate the most significant risks.

Box 4.8. Security of data processing in EU institutions

Article 22: Security of processing

1. Having regard to the state of the art and the cost of their implementation, the controller shall implement appropriate technical and organisational measures to ensure a level of security appropriate to the risks represented by the processing and the nature of the personal data to be protected.

Such measures shall be taken in particular to prevent any unauthorised disclosure or access, accidental or unlawful destruction or accidental loss, or alteration, and to prevent all other unlawful forms of processing.

2. Where personal data are processed by automated means, measures shall be taken as appropriate in view of the risks in particular with the aim of:

(a) preventing any unauthorised person from gaining access to computer systems processing personal data;

(b) preventing any unauthorised reading, copying, alteration or removal of storage media;

(c) preventing any unauthorised memory inputs as well as any unauthorised disclosure, alteration or erasure of stored personal data;

(d) preventing unauthorised persons from using data-processing systems by means of data transmission facilities;

(e) ensuring that authorised users of a data-processing system can access no personal data other than those to which their access right refers;

(f) recording which personal data have been communicated, at what times and to whom;

(g) ensuring that it will subsequently be possible to check which personal data have been processed, at what times and by whom;

(h) ensuring that personal data being processed on behalf of third parties can be processed only in the manner prescribed by the contracting institution or body;

(i) ensuring that, during communication of personal data and during transport of storage media, the data cannot be read, copied or erased without authorisation;

(j) designing the organisational structure within an institution or body in such a way that it will meet the special requirements of data protection.

Source: (European Union, 2001[18]).

Although Nuevo León's whistle-blowing law provides for criminal consequences for public officials who breach their confidentiality obligations under Article 12, the criminal code provides no explicit penalty for disclosure of the whistle-blower's identity. Nuevo León could introduce one to deter such practices and build trust in the system. This is the case in Australia, which imposes a penalty of six months' imprisonment or a fine for revealing the identity of a whistle-blower (Australia's Public Interest Disclosure Act 2013, Section 20), or Korea, where any person who discloses whistle-blowers' personal information, or other facts that reveal their identity, is punished by imprisonment for up

to three years or fined up to KRW 30 million (Korea's Act on the Protection of Public Interest Whistle-blowers, Chapter V Article 30 (1)).

4.4.3. Current protection programmes and financial rewards provide incentives for whistle-blowers to report, but these could be complemented by labour protection and compensation schemes, and with non-monetary forms of compensation.

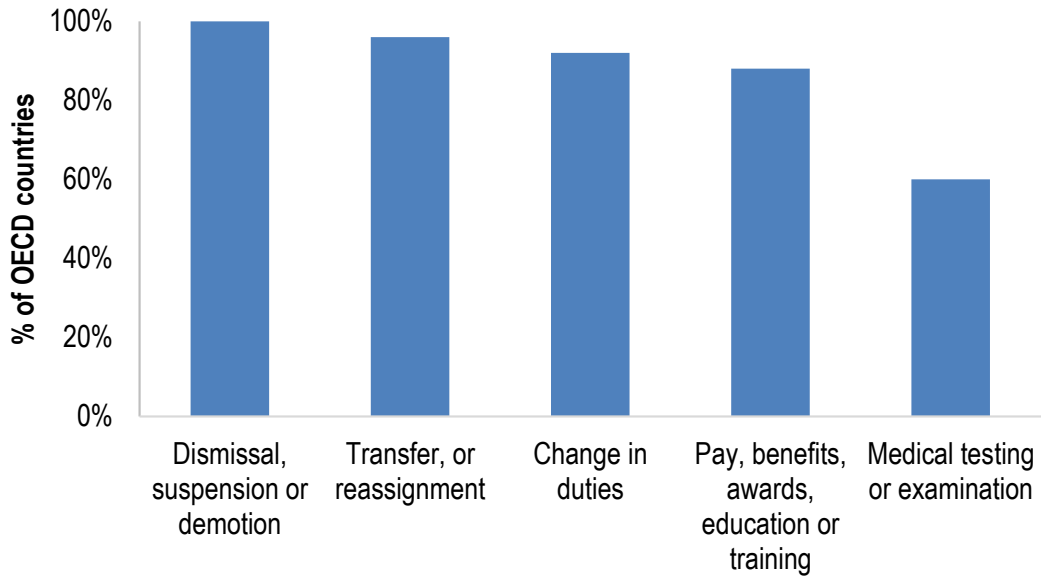
Most whistle-blower protection systems include remedies for whistle-blowers who have suffered or may suffer direct, indirect and future harm as a result of reporting. The decision to report wrongdoing can expose whistle-blowers to retaliation, which often takes the form of disciplinary action or harassment in the workplace. It is thus crucial that any whistle-blower protection framework provide comprehensive protection against discriminatory or retaliatory personnel action (OECD, 2016[4]). Common measures include return to employment after unfair termination, job transfers or compensation, but also punitive damages if there was harm that cannot be remedied by injunctions, such as difficulty in finding or failure to find a new job (Banisar, 2011[12]).

While the whistle-blowing framework in Nuevo León prohibits a broad range of retaliatory acts (*actos de hostilidad*) against public officials (Article 6), the corresponding protection measures do not appear to be coherently co-ordinated, leaving a fragmented framework at risk of disincentivising potential whistle-blowers.

On the one hand, as in other OECD countries (see Figure 4.2), Nuevo León's Whistle-blowing Law establishes that public officials may not be unjustifiably and illegally subjected to a number of retaliatory actions, which include:

- dismissal or removal
- delay in promotion
- suspension
- transfer
- reassignment or deprivation of duties
- qualifications or negative reports
- deprivation of rights after reporting or attempting to report acts of corruption.

Figure 4.2. OECD countries providing protection from discriminatory or retaliatory personnel actions



Note: Some countries provide catch-all provisions to qualify for general prohibition of negative consequences or disadvantageous treatment, which were considered to apply to all personnel actions above. In the case of Germany, no specific examples of retaliatory personnel actions are listed. Remedies follow from German Labour Law, Civil Law and Civil Service Law. Based on a ruling by the Federal Constitutional Court, the highest court for German labour law, the Federal Labour Court, has ruled that employees who report in good faith on their company's misconduct generally enjoy protection from dismissal. The European Court of Human Rights substantiated in 2011 employees' right to publicly refer to nuisances at their place of employment (judgement of 21 July 2011, 28274/08). German labour courts must take these judgements into account when making their rulings in future. In Portugal, Article 4 of Law No. 19/2008 states that "workers of the Public Administration and of State owned companies, who report the commission of offences that they have knowledge of in the exercise of their duties or because of them cannot, in any form, including their non-voluntary transfer, be harmed." Respondents were asked the following question: "Are whistle-blowers protected from the following discriminatory or retaliatory personnel actions?"
Source: (OECD, 2016[4]).

On the other hand, the Whistle-blowing Law in Nuevo León provides for a protection programme that aims to protect whistle-blowers' personal integrity, assets and rights, as well as labour conditions that may be threatened as a consequence of reporting. This framework provides anybody who reports acts of corruption two basic forms of protection: legal assistance in relation to the reported facts, and confidentiality of the personal information provided under Nuevo León's Transparency and Access to Information Law. In addition, Articles 18-20 of the Whistle-blowing Law provide for three sets of additional protection measures that may be discretionally applied by the Office of the Comptroller, depending on whether the person reporting a corrupt act is: *1)* a public official; *2)* citizens in general; or *3)* witnesses (see Table 4.2).

Table 4.2. Protection measures for whistle-blowers in Nuevo León

For public officials	For whistle-blowers in general	For witnesses
• Transfer of administrative unit; • Transfer of working location on a case-by-case basis; • Paid leave; *(licencia con goce de sueldo)* • Other measures decided by the authority	• Forbids the accused person to intimidate or hurt the whistle-blower or any of his/her relatives, directly or through third parties • Other measures decided by the authority	• Preserving their identity in the proceedings, forbidding express mention of their names, surnames, address, place of work, profession or any information that reveals their identity; • Intervention in the proceedings using methods that make it impossible to identify the witness by his/her appearance or voice; • Use of mechanical or technological procedures that avoid the physical participation of the witness in the proceedings; • Identification of an address different from the residence to send notifications about the proceeding; • If the witness is in custody, special protection measures, such as separation from the rest of the prison population or detention in special areas or prisons; • Other measures that the competent authority considers appropriate given the facts of the particular case.

Source: Article 20 of the Whistle-blowing Law.

From a procedural perspective, the Whistle-blowing Law and an *ad hoc* regulation (*Acuerdo por el que se establecen los lineamientos para el otorgamiento de medidas de protección)* identify the Office of the Comptroller as the institution in charge of granting protection to the whistle-blower after submitting a report through one of the available channels. After making a decision on the measures in consideration of a set of criteria (nature and gravity of the case, prior events and relationship between the whistle-blower and the reported authority), the Office of the Comptroller notifies the measure to be implemented to the head of the entity. The same institution can also modify or renew the protections. At any time, its decision can be challenged in front of the Office of the Comptroller itself or, in second instance, through an administrative trial. The legal framework also establishes that the protection should be granted for a minimum of three months, be subject to monthly reviews, and be lifted if it is not considered necessary.

The prohibitions against reprisal and the protection programme introduced by the Whistle-blowing Law represent one of the strengths of the legal framework. They serve as assurance to potential whistle-blowers of the protection they will receive on reporting, or intending to report, a complaint. However, most of the actual protection measures seem to be directed at protecting the personal safety of the whistle-blower, while the protection of labour conditions are only mentioned in general. The exact scope of protection public officials or citizens can receive in case of reporting a breach of integrity is therefore unclear.

Whistle-blowers may suffer a number of consequences in the workplace when reporting misconduct – as recognised on the list of prohibited retaliatory acts. Nuevo León should consider extending the list of protective measures, clearly spelling out the labour conditions and making sure to provide reinstatement, in line with the practice in the majority of OECD countries (see Box 4.9). This would not only ensure a coherent whistle-blowing framework, but increased protection against common retaliatory practices, which very much influence the decision to report a case of corruption.

Box 4.9. Reinstatements on the rise

Over the past two decades, more and more countries worldwide have passed dedicated whistle-blower protection laws. At the same time, NGOs and media organisations supporting whistle-blowers have been established in all regions to help employees save their jobs or be reinstated to positions they have lost because they reported crime and corruption.

These laws and support systems are beginning to work in practice. This is indicated by the growing number of cases in which employees who faced retaliation at work have won back their jobs.

In Europe, these cases include employees who exposed corruption on tax refunds (2015), inadequate child care (2013), overcharging elderly people for housing (2011), academic plagiarism at a university (2008), the neglect of elderly patients (2009), and psychiatric patients who were kept in a locked unit over the Christmas holiday (2012). Additionally, a growing number of employees have received whistle-blower protection status from the government, including seven in two south-east European countries since 2010.

In the Americas, a government employee who exposed fatal inadequacies in military equipment was reinstated in 2011, after a long and high-profile effort by government officials and NGOs.

Among the many other employees who have won reinstatement include those who reported unsafe waste vehicles (2014), a railroad injury (2014), unsafe airplane landings and truck-driving conditions (2013), financial wrongdoing at a large corporation (2012), and lead overexposure and unsafe drinking water (2012).

In Africa, a Justice Department employee was reinstated in 2013 after being fired for reporting corruption; a police colonel was reinstated in 2014 after being fired for uncovering wide-ranging corruption; and a bank finance director was ordered reinstated in 2014 after reporting breaches in corporate governance.

In Asia, two national anti-corruption commissions successfully blocked punitive disciplinary measures taken against employees who reported corruption and irregularities. In another Asian country, an employee of a large multinational company who had reported wrongdoing won the first ever whistle-blower reinstatement case at the country's highest court.

In most of these and other cases, a whistle-blower law alone was not sufficient to achieve a positive outcome. Media attention, NGO support and leadership by key government officials and policy makers were needed to tip the scales in favour of whistle-blowers.

Source: (Worth, 2015[19]).

In reviewing the list of remedies to emphasise labour protections, Nuevo León could also consider introducing mechanisms of compensation, which should take into account lost wages, but also compensatory damages, moral damages and punitive damages (Banisar, 2011[12]). This is a remedy in many OECD countries, such as the UK. The total amount of damages awarded under the United Kingdom's Public Interest Disclosure Act in 2009 and 2010 was GBP 2.3 million. The average award in 2009 and 2010 was GBP 58 000

and the highest award GBP 800 000, in the case of John Watkinson vs. Royal Cornwall Hospitals NHS Trust (Vandekerckhove, James and West, 2013[16]). Nuevo León could also consider the example of Canada, which includes a comprehensive list of remedies addressing key issues for an effective whistle-blowing policy (see Box 4.10).

Box 4.10. Canada's remedies for public sector whistle-blowers

To provide an appropriate remedy to the complainant, the Tribunal may, by order, require the employer or the appropriate chief executive, or any person acting on their behalf, to take all necessary measures to:

- Permit the complainant to return to his or her duties.
- Reinstate the complainant or pay compensation to the complainant in lieu of reinstatement if, in the Tribunal's opinion, the relationship of trust between the parties cannot be restored.
- Pay to the complainant compensation in an amount not greater than the amount that, in the Tribunal's opinion, is equivalent to the remuneration that would, but for the reprisal, have been paid to the complainant.
- Rescind any measure or action, including any disciplinary action, and pay compensation to the complainant in an amount not greater than the amount that, in the Tribunal's opinion, is equivalent to any financial or other penalty imposed on the complainant.
- Pay to the complainant an amount equal to any expenses and any other financial losses incurred by the complainant as a direct result of the reprisal.
- Compensate the complainant, by an amount of not more than CAD 10 000, for any pain and suffering that the complainant experienced as a result of the reprisal.

Source: (Canada, 2005[20]).

The second mechanism to incentivise disclosure of corrupt acts in Nuevo León is the economic reward that whistle-blowers may receive if they provide truthful, sufficient and relevant information enabling the identification of a corrupt conduct committed by a public official (Article 16 of the Whistle-blowing Law).

The monetary reward may range from MXN 5 000 to MXN 20 000 and is subject to budgetary availability and to the decision of an Assessment Committee (*Comité Evaluador*). The committee takes into account the criteria defined in the relevant agreement (*Acuerdo por el que se establecen las bases y lineamientos para la entrega de recompensas por denuncias ciudadanas de actos de corrupción*) ,such as the damage (to the person and to the public) and the gravity of the act. A necessary condition is that the whistle-blower reveals his or her identity and provide a channel of communication.

Providing monetary reward is a mechanism used in other countries to encourage individuals to come forward in the detection of wrongdoing, and in some cases takes the form of financial support, for example living and legal expenses, after retaliation. Korea, for instance, provides significant monetary rewards (up to approximately USD 2.6 million or KRW 3 billion) for whistle-blowers who disclose acts of corruption and help increase the revenue of public agencies. There is debate over whether such rewards improve the effectiveness of whistle-blowing frameworks. On the one hand, the hope of personal gain is not always incompatible with the public interest, and a whistle-blowing law may be

more effective if it relies on individuals with superior moral and ethical values who are willing to risk their career and financial stability. On the other hand, such compensation could generate moral hazards and encourage unsubstantiated complaints. Nuevo León should assess – through internal review of complaints and through the monitoring exercise proposed below – whether such rewards are effective or instead lead to additional complaints, creating an unnecessary burden and expense for the public administration. As for rewards, Nuevo León could ensure that an annual budget is allocated to Assessment Committee (or one of its institutions, such as the Anti-corruption Unit), since monetary rewards are now subject to budget availability and need to be requested by the Assessment Committee to the Secretary of Treasury and Finance (*Secretaría de Finanzas y Tesorería General del Estado*) on a case-by-case basis. On the other hand, if granting financial rewards to whistle-blowers is felt to be counterproductive or of limited efficacy, Nuevo León could consider alternative incentives to encourage disclosures, such as personal distinctions and honorific awards, which can also encourage an open culture in public entities (see Box 4.11).

Box 4.11. Non-monetary reward mechanisms in Israel and Ireland

The whistle-blower protection system in Israel allows the president to award a certificate of merit to a public servant who files a report in good faith, with an inspection body in accordance with procedures, regarding a corrupt act or other infringement of ethical conduct that occurred at his or her workplace, and where the report has been found to have been justified. The certificate is a symbol of public recognition of that person's contribution to ethical conduct in public institutions in Israel. In a similar context, but from a civil society perspective, Ireland's Transparency International chapter has launched a National Integrity Award in 2015, as a symbol of recognition of individuals and organisations that contributed to the public interest by disclosing wrongdoing.

Source: (Transparency International Ireland, 2015[21]).

4.5. Ensuring effective protection

4.5.1. Nuevo León should ensure that retaliatory actions against whistle-blowers constitute a criminal offence.

One of the means to increase deterrence against the perpetration of retaliatory acts in OECD countries is to provide for criminal sanctions when this takes place. The Whistle-blowing Law of Nuevo León mentions that retaliatory acts will be considered by criminal authorities for cautionary measures and penalties. Furthermore, Article 214bis of the Criminal Code of Nuevo León (and similarly to Section 219 of the Federal Criminal Code) considers as criminal conduct acts of intimidation that take place when a public official, or a person acting on his/her behalf, uses physical violence or moral aggression to intimidate another person, in order to prevent them from reporting or lodging a complaint related to a conduct punishable by law.

Although that provision provides deterrence against acts of reprisals and, contrary to the federal provision, penalises those who retaliate against people who want to report any illegal conduct (and not only criminal conduct), its scope is limited to the reprisals in the form of physical violence or moral aggression, and do not include all those subject to the

Whistle-blowing Law (see paragraph above). Furthermore, the criminal code only punishes conduct by public officials, even though reports may be submitted by any citizen and reprisals may well take place in the private sector.

To enhance the effectiveness of its whistle-blowing framework, Nuevo León should ensure comprehensive criminalisation of retaliation against whistle-blowers. It could consider amending its criminal code in line with Canada's, which explicitly prohibits (425.1) reprisals against whistle-blowers and applies to a broad range of reprisals, which include disciplinary measures against an employee, such as demotion and termination, or measures that otherwise adversely affect the employment of a whistle-blower, or threaten to do so (see Box 4.12).

Box 4.12. Canada's laws on reprisals against whistle-blowers

425.1 (1) No employer or person acting on behalf of an employer or in a position of authority in respect of an employee of the employer shall take a disciplinary measure against, demote, terminate or otherwise adversely affect the employment of such an employee, or threaten to do so:

(a) with the intent to compel the employee to abstain from providing information to a person whose duties include the enforcement of federal or provincial law, respecting an offence that the employee believes has been or is being committed contrary to this or any other federal or provincial Act or regulation by the employer or an officer or employee of the employer or, if the employer is a corporation, by one or more of its directors; or

(b) with the intent to retaliate against the employee because the employee has provided information referred to in paragraph (a) to a person whose duties include the enforcement of federal or provincial law.

(2) Anyone who contravenes subsection (1) is guilty of:

(a) an indictable offence and liable to imprisonment for a term not exceeding five years; or

(b) an offence punishable on summary conviction.

Source: (Canada, n.d.[22]).

Alternatively, Nuevo León could explicitly penalise those who perpetrate retaliatory acts. In amending its Whistle-blowing Law, it could consider following the example of other OECD countries, which impose penalties ranging from disciplinary action to fines and imprisonment in their dedicated whistle-blowing legislation. Australia's whistle-blower protection system provides for imprisonment for two years, or 120 penalty units, or both, in cases of reprisal against whistle-blowers (Australia's Public Interest Disclosure Act, Subdivision B, Part 2, Section 19). In Korea, the punishment for retaliation varies depending on the type of reprisal (see Box 4.13).

Box 4.13. Sanctions for retaliation in Korea

Under Korea's Protection of Public Interest Whistle-blowers Act, any person who falls under any of the following points shall be punished by imprisonment for not more than two years or by a fine not exceeding KRW 20 million:

1. A person who implemented disadvantageous measures described in Article 2, subparagraph 6, item (a) [Removal from office, release from office, dismissal or any other unfavourable personnel action equivalent to the loss of status at work] against a public interest whistle-blower.

2. A person who did not carry out the decision to take protective measures that had been confirmed by the Commission or by an administrative proceeding.

In addition, any person who falls under any of the following points shall be punished by imprisonment for not more than one year or a fine not exceeding KRW 10 million:

1. A person who implemented disadvantageous measures that fall under any of Items (b) through (g) in Article 2, Subparagraph 6 against the public interest whistle-blower [(b) disciplinary action, suspension from office, reduction in pay, demotion, restriction on promotion and any other unfair personnel actions; (c) work reassignment, transfer, denial of duties, rearrangement of duties or any other personnel actions that are against the whistle-blower's will; (d) discrimination in the performance evaluation, peer review, etc., and subsequent discrimination in the payment of wages, bonuses, etc.; (e) the cancellation of education, training or other self-development opportunities; the restriction or removal of budget, workforce or other available resources, the suspension of access to security information or classified information; the cancellation of authorisation to handle security information or classified information; or any other discrimination or measure detrimental to the working conditions of the whistle-blower; (f) putting the whistle-blower's name on a black list as well as the release of such a blacklist, bullying, the use of violence and abusive language toward the whistle-blower, or any other action that causes psychological or physical harm to the whistle-blower; (g) unfair audit or inspection of the whistle-blower's work, as well as the disclosure of the results of such an audit or inspection; (h) the cancellation of a license or permit, or any other action that causes administrative disadvantages to the whistle-blower].

2. A person who obstructed the public interest over whistle-blowing, etc., or forced the public interest whistle-blower to rescind his/her case, etc. in violation of Article 15, Paragraph 2.

Source: (Korea, 2011[23]); (OECD, 2016[4]).

4.5.2. Nuevo León could further define and clarify the process for protection against acts of reprisal.

The whistle-blowing framework establishes that claims concerning acts of reprisal are received by the Office of the Comptroller, which requires the superior of the denounced civil servant to provide a written report on the events alleged by the public official within five working days, and eventually prompt the administrative or criminal authorities to adopt the necessary cautionary measures, as well as the penalties against the responsible

person(s). If reprisal is committed by the superior of the witness or whistle-blower, this would be considered an aggravating factor.

Although the whistle-blowing framework provides explicit protection against a wide range of retaliatory measures, Nuevo León could further ensure the effectiveness of the process protecting against reprisals by clarifying how public officials may submit, in practice, an allegation of reprisal and under what conditions they may expect protection from the state. This could take the form of an Agreement (or *Acuerdo*), as in the protection programmes, and would not only ensure the legal certainty of the process but increase trust in the whistle-blowing system. At the same time, the Agreement could also explicitly reverse the burden of proof in the process, leaving it up to the superior to prove that the action taken against the whistle-blower was not related to the reporting. Although the existing framework already requires the superior to provide a report on the alleged actions of reprisal, the Agreement could explicitly clarify that he or she has the duty to prove the contrary, in line with common practice in other OECD countries. In Norway, for instance, when an employee submits information that gives reason to believe that he or she has been retaliated against as a result of having come forward with a protected disclosure, it is assumed that such retaliation has taken place, unless the employer provides evidence to disprove it (Norway's Working Environment Act, Section 2-5). Lastly, Nuevo León could provide access to the process against acts of reprisals in case retaliatory action is threatened, which often has the same effect as retaliation (OECD, 2016[4]). Australia follows this practice, and its whistle-blowing protection system also deems it relevant if someone threatens an act of reprisal against a person because of a public interest disclosure (Public Interest Disclosure Act 2013, Part 2, Subdivision B (13)).

4.5.3. To ensure the comprehensive management of whistle-blowing protection, the Anti-corruption Unit and Specialised Anti-corruption Unit of the Attorney-General's Office (Subprocuraduría Especializada en Combate a la Corrupción) *should sign an agreement to institutionalize co-ordination processes and best practices.*

The current whistle-blowing mechanism in Nuevo León relies on the central role of the Anti-corruption Unit, which not only receives all the reports submitted through the three available means of communication (by telephone, online and in person), but also carries out an initial assessment of the completeness of the information provided, as well as of the nature of responsibility for the facts in the report. In particular, a dedicated staff member in the Anti-corruption Unit assesses the alleged facts and considers whether the file deals with criminal aspects and therefore should be sent to the Specialised Anti-corruption Unit of the Attorney-General's Office (*Subprocuraduría Especializada en Combate a la Corrupción*) to prepare a formal case in front of the Judicial Branch (*Poder Judicial*).

Although the Anti-corruption Unit and the Specialised Anti-corruption Unit of the Attorney-General have established increased ties and co-operation to detect, investigate and eventually punish the reported facts of criminal relevance, interviews during the fact-finding mission revealed that such relationships do not always function effectively and that the Anti-corruption Unit is not always notified of criminal action taken by the Attorney-General's Office in front of the judge. In some cases, information on judicial developments was discovered from media sources. This makes it difficult for the Anti-corruption Unit to monitor the developments of each report and to maintain a

comprehensive view of the whole process and the necessary follow-up in each situation. To resolve this issue, both institutions could sign an agreement to formalise the best practices used so far and make the Anti-corruption Unit aware of the judicial follow-up, if necessary, collaborating on the creation of the judicial file. Further ways to increase co-operation could be discussed within Nuevo León's Local Anti-corruption System, since both institutions participate and have an opportunity to exchange their views on how to improve the effectiveness of the whistle-blowing mechanism and criminal law review of the underlying conduct.

4.6. Increasing awareness and communication

4.6.1. Nuevo León should increase its efforts to improve public awareness of whistle-blowing mechanisms.

In building an open organisational culture based on trust, professionalism and collegiality, communication is essential. Raising awareness among public officials on how to voice concerns when they arise or how they are protected by whistle-blower mechanisms not only highlights the importance of coming forward with ethical dilemmas and suspected wrongdoing but reinforces mutual interest in defending integrity in the workplace and society. One such initiative was conducted by the United Kingdom's Civil Service, which suggests including a statement in staff manuals to assure employees that it is safe to raise concerns (see Box 4.14).

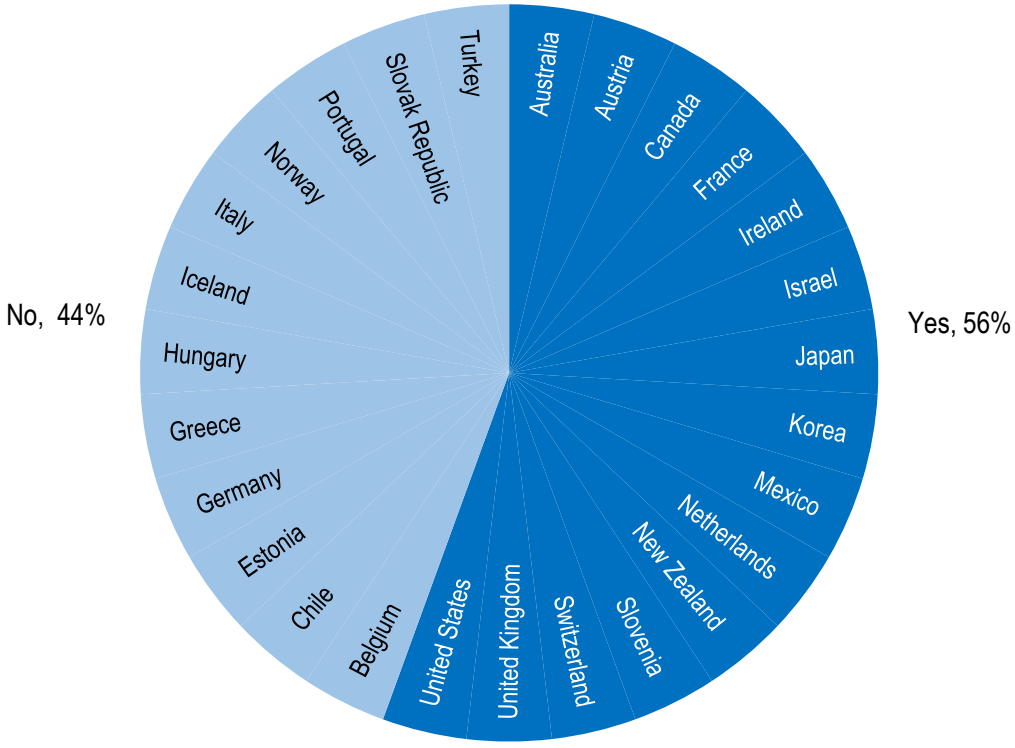
Box 4.14. Reassuring staff that it is safe to raise concerns

"We encourage everyone who works here to raise any concerns they have. We encourage 'whistle-blowing' within the organisation to help us put things right if they are going wrong. If you think something is wrong, please tell us and give us a chance to properly investigate and consider your concerns. We encourage you to raise concerns and will ensure that you do not suffer a detriment for doing so."

Source: (United Kingdom's Civil Service Commission, 2011[24]).

Communicating to public sector employees their rights and obligations in exposing wrongdoing should be part of the broader efforts that public organisations make to build a culture of integrity, as outlined by the *OECD Recommendation of the Council on Public Integrity* recommending that governments "[p]rovide sufficient information, training, guidance and timely advice for public officials to apply public integrity standards in the workplace" (OECD, 2017[1]) As for whistle-blowing protection, 15 OECD countries already carry out awareness-raising activities that aim to change cultural perceptions and public attitudes towards whistle-blowers (see Figure 4.3).

Figure 4.3. Public sector informational events on whistle-blower protection in OECD countries



Note: Respondents were asked the following question: "Have any awareness-raising activities, such as manager training, with a view to changing cultural perceptions and public attitudes towards whistle-blowing, been conducted in your country?
Source: (OECD, 2016[4]).

In Nuevo León, issues related to whistle-blowing protection are part of the required training on the culture of legality (*cultura de la legalidad*) for public officials (see Chapter 3.). According to the Anti-corruption Unit, from 2013 to 2015 its staff provided certified training to 250 officials, who in turn, replicated the training for 30 000 public officials. Three people from the unit visited 800 groups. Article 7 of the Whistle-blowing Law provides that each public entity set up procedures to disseminate the content of the law among public officials and citizens. Despite these efforts and the legal framework, the Anti-corruption Unit's work on whistle-blowing protection is not yet well known. Many public officials interviewed in the fact-finding mission, including in sectors at risk, such as public procurement, declared they have little knowledge of the whistle-blowing framework and had not received specific training on such policies and procedures.

Nuevo León should increase its efforts to improve communication on the rights and duties of whistle-blowers. First, it could post information about whistle-blower protection to keep employees informed of their rights on protected disclosures, following the example of the requirements in US federal agencies under the Occupational Safety and Health Act. (OECD, 2016[4]). The United States also appoints a Whistle-blower Protection Ombudsman in each government agency responsible for educating its employees: *1)* about prohibitions on retaliation against protected disclosures; and

2) against those who have made or are contemplating making a protected disclosure about the rights and remedies against retaliation for protected disclosures (Article 117 of the Whistle-blower Protection Enhancement Act). Secondly, Nuevo León could follow the example of Japan's Consumer Affairs Agency, which holds explanatory meetings and symposiums nationwide for business operators, officials and employees, to disseminate knowledge of the Japanese Whistle-blower Protection Act. Lastly, and more generally, it could consider the recommendations proposed in the Open Government Guide to support the Open Government Partnership (see Box 4.15), which stress the importance of reaching not only managers and public officials, but also schools, the private sector and professionals (see Chapter 5.).

Box 4.15. Recommendations of the Open Government Guide to establish a public awareness campaign on the value of whistle-blowing

A/ Establish a public awareness campaign that extends to schools and professional training on the value of whistle-blowing in protecting the public good, the health and safety of people, their environment and their human rights. Distinguish whistle-blowing from informing by ensuring laws to protect whistle-blowers emphasise open or confidential reporting and build on freedom of expression rights.

B/ Provide clear statements and advice on whistle-blowing procedures and protections.

C/ Establish requirements for public sector employers and encourage private sectors employers to establish internal arrangements to facilitate whistle-blowing and to report on these regularly and publicly.

D/ Provide training within organisations to ensure managers are adequately trained to receive reports, and to recognise and prevent occurrences of discriminatory and disciplinary action taken against whistle-blowers.

Source: (Transparency and Accountability Initiative, n.d.[25]).

4.6.2. Nuevo León could show further leadership in whistle-blowing protection by improving its existing data collection.

Another way Nuevo León could demonstrate high-level commitment and determination to create an open culture in the public sector would be to enhance data collection on performance and impact of the whistle-blower framework. This could be coupled with a comprehensive communication strategy seeking participation from the whole of society and providing real-life cases that could appeal to the general public. The government of Nuevo León, through the Anti-corruption Unit, already publishes on a regular basis statistics on the total number of reports received, the number of reports by entity, the typology of alleged facts and the penalties incurred, in the bulletins for reporting progress on the Anti-corruption Plan. Such data-collection tracks some of the indicators suggested in the literature, including: *1)* the number and types of public sector disclosures received; *2)* the entities receiving most disclosures; *3)* the outcomes of cases (i.e. if the disclosure was dismissed, accepted, investigated and validated, and on what grounds); *4)* whether the misconduct came to an end as a result of the disclosure; *5)* whether the organisation's policies were changed as a result of the disclosure if gaps were identified; *6)* whether

penalties were imposed on wrongdoers; *7)* the scope, frequency and target audience of awareness-raising and training activities; and *8)* the time taken to process cases (Transparency International, 2013[26]; Apaza and Chang, 2011[27]; Miceli and Near, 1992[28]). Nuevo León could build on this by collecting data on the indicators that have not yet been collected. It could also consider using the results of staff surveys, which would not only assess the progress made on the whistle-blowing framework, but demonstrate a commitment to improve awareness, trust and confidence in whistle-blowing protection. The United States' Merit Systems Protection Board, within its annual Federal Employee Viewpoint Survey, includes a question to federal employees exploring their experiences as (potential) whistle-blowers (U.S. Merit Systems Protection Board, n.d.[29]).

Since it is not clear to what extent data collection by the Anti-corruption Unit has been made known to the general public, Nuevo León could consider increasing its communication efforts in public entities and society. Releasing short, accessible reports with essential data and information, infographics and cases, could be one such initiative. The Ombudsman of the State of Victoria in Australia, for instance, produces a snapshot version of its annual report with a concise description of its work (including its contact information) and an overview of its annual activity in graphs, flowcharts, and boxes (Victorian Ombudsman, n.d.[30]). The report also describes activities in the community (in schools, universities, community groups, peak bodies), an example Nuevo León could follow to show commitment and promote whistle-blowing in society.

Proposals for action

Promoting an open culture in the public sector not only helps build trust and integrity in public entities, but encourages an effective integrity system responsive to integrity concerns. To enhance the effectiveness of the current framework, mechanisms and practices, Nuevo León could consider the following actions:

Creating an open organisational culture

- Introduce safe channels for offering guidance to public officials on integrity-related issues, ensuring a clear separation from bodies in charge of enforcement.
- Assign the role of providing guidance on integrity to the Integrity Contact Points, in line with the recommendation in Chapter 1.
- Monitor how senior officials fulfil their responsibility to disseminate whistle-blowing regulation (Article 7 of the Whistle-blowing law) and create an open organisational culture.
- Assign specific responsibilities to senior officials to ensure the protection of disclosures by whistle-blowers.
- Develop a pilot programme creating incentives and rewards for both junior and senior staff who qualify and successfully take part in mentorship programmes.
- Include efforts to promote an open organisational culture in the new performance management programme, defining the expected profile and behaviour for selection, development and performance management of senior public officials.

Strengthening the whistle-blowing framework

- Ensure that public officials in all state's branches and throughout government have whistle-blowing channels and protection available.
- Revise the legal framework and adopt a more balanced approach for defining protected disclosures, providing a definition that is clear, comprehensive and detailed.

Providing the right incentives to encourage whistle-blowers

- Introduce a tiered approach, where public sector whistle-blowers may first bring their disclosures to the attention of their employer and use external reporting channels as a last resort. For the internal disclosure, the responsibility could be given to a senior officer, and for the external reporting, an independent institution that has high trust among citizens and public officials.
- Extend the obligation to sign the confidentiality agreement applying to all public officials of the Anti-Corruption Unit to all those with access to information related to whistle-blowing, including those who receive complaints by phone.
- Provide anybody with access to whistle-blowing information training on how to ensure the highest standards of confidentiality.
- Reinforce security mechanisms to access whistle-blowing reports in both their paper and digital version.
- Introduce a specific crime for public officials who breach the confidentiality obligations of Article 12 of the Whistle-blowing Law.
- Extend the list of protection measures, spelling out the rules governing labour conditions and making sure to provide reinstatement, as the majority of OECD countries do.

- Introduce mechanisms of compensation, taking into account lost wages, but also compensatory damages, moral damages and punitive damages.
- Assess whether the existing reward mechanism is effective or instead results in additional complaints, creating an unnecessary burden and expenses for the public administration.

Ensuring effective protection

- Ensure comprehensive protection against retaliatory acts against whistle-blowers, by introducing criminal and disciplinary sanctions in the Criminal Code or Whistle-blowing Law.
- Clarify how public officials may submit an allegation of reprisal and under what conditions they may expect protection from the state. This could take the form of an Agreement (or *Acuerdo*).
- Reverse the burden of proof in the process to seek protection against acts of reprisal, i.e. leaving it to the superior to prove that the action taken against the whistle-blower is not related to his or her reports.
- Provide access to protection against acts of reprisal, if retaliatory action is threatened.
- Sign an agreement with the Anti-corruption Unit and Specialised Anti-corruption Unit of the Attorney-General's Office, to formalise the co-ordination mechanisms developed so far. This should help keep the Anti-corruption Unit abreast of judicial follow-up of cases and, if necessary, to help create the judicial file.
- Develop additional mechanisms to increase co-operation between the Anti-corruption Unit and Specialised Anti-corruption Unit of the General Attorney in the SEANL.

Increasing awareness and communication

- Increase efforts to improve communication and raise awareness on relevant rights and duties in various ways, such as posting relevant information or introducing a Whistle-blower Protection Ombudsman in each entity.
- Organise explanatory meetings and symposiums for business operators, officials, and employees, and also schools and professionals, to disseminate knowledge and increase public awareness of whistle-blowing protection.
- Ensure comprehensive data collection to create reliable indicators on the performance and impact of the whistle-blower framework and complement it with the results of surveys for staff.
- Increase efforts to disseminate the data collection of the Anti-corruption Unit in public entities and society as a whole.

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Chapter 5. Creating a culture of integrity in Nuevo León using a whole-of-society approach

This chapter analyses whether Nuevo León's integrity reforms are effectively engaging citizens, civil society and the private sector in recognising their shared responsibility for public integrity. It identifies additional strategies for raising awareness and increasing knowledge about the social, economic and political benefits of public integrity for society. This chapter also assesses the initiatives that have been launched in the state to instil integrity norms and values in children and youth. It provides recommendations for mainstreaming the existing programmes into the main curriculum and ensuring that teachers have the skills to provide education on integrity in the classroom.

5.1. Introduction

Public integrity is not only the responsibility of public officials. Citizens, firms and civil society also have a responsibility to uphold the integrity of their communities. In whatever capacity they serve, citizens have three core roles. First, as watchdogs of government officials and politicians, they can hold officials accountable for the promises they make and the actions they take to prevent corruption and cultivate public integrity. Second, citizens and firms are also active members of the community and have a responsibility to promote public integrity more generally in society. When citizens and/or firms pay bribes, evade taxes, receive fraudulent social benefits or exploit public services without paying, they are unfairly diverting government resources and undermining the fabric of society. Third, citizens are also employees of the private or public sectors, where they are expected to comply with their obligations to maintain public integrity.

When corruption is an entrenched social norm, integrity policies must find solutions to cultivate new social norms and behaviour. This means disrupting norms that encourage circumventing the rules, such as paying bribes to obtain public services faster or buying public positions. Challenging entrenched norms also requires confronting the collective action problem, where corrupt behaviour is justified because "Everyone else is doing it". These efforts must take place both in the public sector and more broadly across society.

Taking a whole-of-society approach to fighting corruption, therefore, should be at the heart of a strategic approach to any government's anti-corruption policies. Governments can promote a culture of public integrity by partnering with the private sector, civil society and individuals, in particular through:

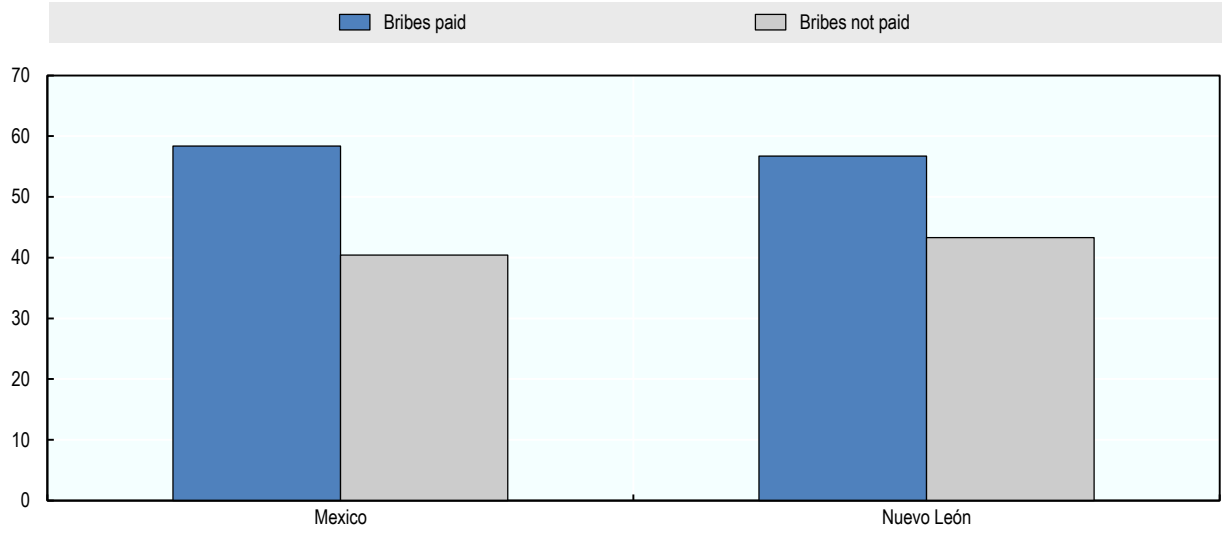
- explicitly acknowledging in the public integrity system the role of the private sector, civil society and individuals in respecting integrity values in their interactions with the public sector and with each other.
- encouraging the private sector, civil society and individuals to uphold those values as their shared responsibility, by:
  - raising awareness in society of the benefits of integrity and reducing tolerance of violations of public integrity.
  - Carrying out, where appropriate, campaigns to promote civic education on public integrity among individuals and particularly in schools (OECD, 2017[1]).

5.2. Cultivating a shared sense of responsibility for integrity across society

5.2.1. The Office of the Comptroller for Government Transparency could propose awareness raising activities for citizens and firms on their roles and responsibilities for respecting public integrity.

Citizens in Nuevo León show a high tolerance for paying bribes in dealing with the public administration in various sectors (education, health and medical services, the judicial system, police, etc.), to a degree comparable with the national average (see Figure 5.1).

Figure 5.1. Number of bribes reported to have been paid and not paid to public officials in Nuevo León (2015)

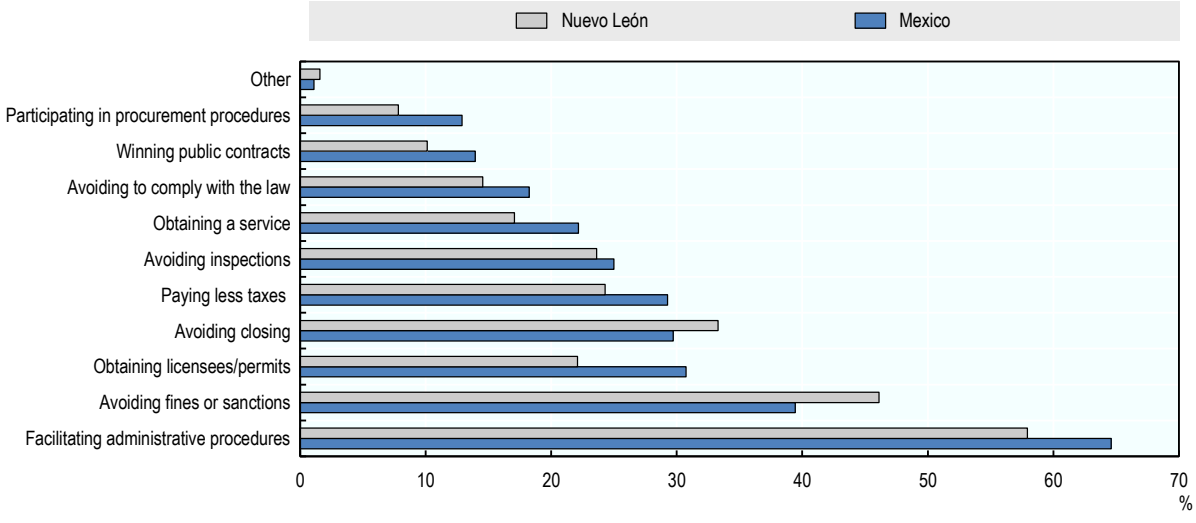


Source: Based on the INEGI, *Encuesta Nacional de Calidad e Impacto Gubernamental*, 2015.

Similarly, in the private sector, tolerance for paying bribes is also high (see Figure 5.2). More than 58% of firms reported paying bribes to speed up procedures, compared to the national average of 65%. Similarly, 46% of firms reported paying bribes to avoid fines or sanctions, higher than the national average of 39%.

Figure 5.2. Reasons cited in the private sector for being complicit in corruption

Time frame: October-December 2016



Source: Based on the INEGI, *Encuesta Nacional de Calidad Regulatoria e Impacto Gubernamental en Empresas*, 2016.

Legal and institutional integrity reforms can be prone to failure in regions where the prevailing social norms are tolerant of corruption (Acemoglu and Jackson, 2014[2]). The social environment has a strong influence on individual attitudes towards corruption (Gatti, Paternostro and Rigolini, 2003[3]). When integrity violations are widespread, as is the case in Nuevo León, individuals are more tolerant of integrity violations (Barr and Serra, 2010[4]; Fisman and Miguel, 2008[5]; Gächter and Schulz, 2016[6]). A co-ordination problem emerges, discouraging citizens from attempting to combat corruption. Concrete steps must be taken to communicate and demonstrate the new expected social norms, to ensure that all citizens and government organisations are aware of the new standards of conduct to which they should adhere.

The government of Nuevo León is aware of the integrity challenges facing society, and has been partnering with firms and with civil society to promote a culture of integrity. The Law for the Promotion of Values and Culture of the Legality of the State of Nuevo León, first passed in 2007, promotes the values and respect for the rule of law that underpin a harmonious co-existence in society (State of Nuevo León, 2016[7]). To carry out these functions, the law established the State Council for the Promotion of Values and Culture of Legality (*Consejo Estatal para la Promoción de los Valores y Cultura de la Legalidad)*. Made up of state and non-governmental representatives, this council is responsible for bringing together the different actors promoting values in Nuevo León to work together in an integrated organisation (State of Nuevo León, 2016[7]).

In addition, the Executive Agency for the Co-ordination of the State's Public Administration (*Coordinación Ejecutiva de la Administración Pública del Estado de Nuevo León*) and the Office of the Comptroller for Government Transparency (hereinafter the Office of the Comptroller) have initiated several awareness-raising campaigns to inform public officials, citizens and civil society organisations of initiatives to fight corruption. Key themes have included:

- information on the approval of the Ethics Code;
- a competition that was launched to promote the participation of youth in enhancing transparency and accountability in the state as a mechanism to fight corruption; and
- processes for making complaints about the delivery of public services.

Co-operation agreements between representatives of chambers of commerce and the government have been in effect since 2016 (Box 5.1). These promote joint initiatives of the public and private sector on transparency and ethics. The public and private sector have also agreed on a strategic plan that includes: *1)* creating a citizen committee for transparency and fighting corruption, *2)* developing an evaluation of the level of transparency in government, *3)* promotion and facilitation of reports from citizens, *4)* promoting a new platform, "I did not pay a bribe" ("*Yo no di un moche*") to monitor how civil society is contributing to anti-corruption initiatives, and *5)* promoting ethics in public service.

Box 5.1. Engaging the private sector in cultivating a culture of integrity in Nuevo León

A co-operation agreement on transparency and anti-corruption was signed by Nuevo León and seven key corporate bodies on 7 November 2016. Along with the government, these seven corporate bodies (CANACO, CAINTRA, COPARMEX, CANIRAC, CMIC, CAPROBI and CANADEVI) agreed to actively participate in anti-corruption initiatives. Civil society organisations such as the Civic Council and Let's Do It Right! were involved in this effort.

For the government, the agreement proposes the following three actions:

- Develop projects on ethics, transparency and prevention of conflicts of interest.
- Include the private sector in measures to promote citizen participation in monitoring public actions and programmes, as well as to act as witnesses in public procurement and accountability activities carried out by the government.
- Organise training programmes and conferences at the request of business chambers and exchange experiences on ethics, culture of legality, transparency, citizens' complaints, public procurement and e-government, as well as other initiatives related to fighting corruption.

For the private sector, the agreement identified the following actions:

- Disseminate whistle-blower and public ethics values initiatives amongst its affiliates, using bulletins, booklets, conferences and discussions, etc.
- Promote the rejection of corrupt acts amongst its members and prevent conflicts of interest from arising.
- Promote ethics projects and a culture of legality in business.
- Share studies, assessments, surveys and other tools that identify opportunities to improve the public procurement framework.
- Formulate proposals for regulations and good governance practices in the ethics, transparency and the prevention of corruption.
- Generate common ethics principles on public integrity and prevention of conflicts of interest, among other initiatives.

Both parties also agreed to promote steps to prevent conflict of interest in interactions between government organisations and the private sector. It was also agreed that each party would take measures every year focusing on preventing conflicts of interest and appoint a representative to co-ordinate their initiatives, and ensuring the necessary material and human resources.

Source: Government of Nuevo León (2016 unpublished), Co-operation agreement between the Government of Nuevo León and CANACO, CAINTRA, COPARMEX, CANIRAC, CMIC, CAPROBI and CANADEVI.

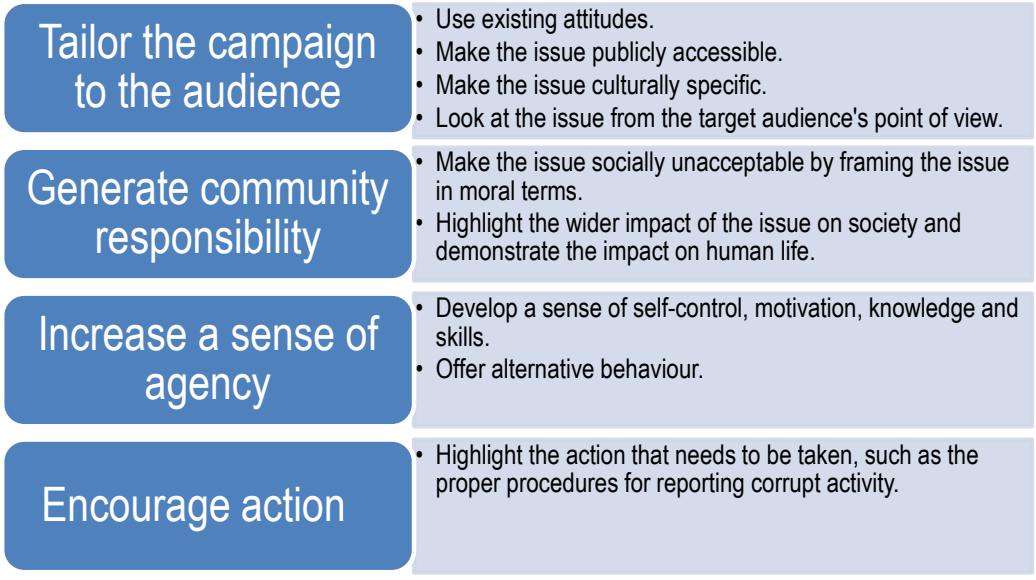
Nuevo León and several civil society organisations have also been working to cultivate a culture of integrity more broadly in society. For example, Nuevo León has been working with the civil society organisation Let's Do It Right! (*Hagamoslo bien!*), a citizen movement created in 2013 and made up of representatives from civil society organisations, chambers of commerce (COPARMEX Nuevo León), academia (e.g. Tecnológico de Monterrey), churches and citizens. The activities of Let's Do It

Right! are focused on building a new sense of citizenship that complies with the rule of law and actively resists corruption.

Although these initiatives underscore Nuevo León's commitment to cultivate a culture of integrity in society, the government's efforts to engage the private sector and civil society on integrity could be further co-ordinated under a clear action plan. To co-ordinate these various measures, the Office of the Comptroller could consider developing an action plan for awareness raising that clearly identifies the desired objectives (e.g. the behaviour to change or the perceptions to challenge), the core outputs (e.g. the methods for achieving the objectives) the target audiences and (where appropriate) the key partners in this effort. These objectives and outputs should, as far as possible, be framed in a measurable way, using indicators that allow for monitoring and evaluation of the proposed actions. The strategy should target vulnerable areas where citizens and firms have been observed not to comply with the law. Where the action plan proposes that other ministries take on these tasks, the Office of the Comptroller could request that the governor of Nuevo León assign responsibility to the relevant ministries. The Civil Society Liaison Co-ordinator (*Coordinación de Enlace con la Sociedad Civil*) can help the Office of the Comptroller to develop and carry out the action plan. The State Council for the Promotion of Values and Culture of Legality could also support these entities in carrying out the awareness raising campaigns.

To be effective, these campaigns should be tailored to the target audiences, generate community responsibility and increase a sense of agency, and encourage action (Figure 5.3).

Figure 5.3. Success factors of behaviour-changing campaigns



Source: (Mann, 2011[8]).

In developing the awareness campaigns, fear-based campaigns should be avoided. Citizens may dismiss their messages as too extreme, unlikely to happen to them or too disturbing (Mann, 2011[8]). Box 5.2 provides an overview of research evidence pointing to the role of positive messaging. Likewise, the campaigns should not sensationalise the

issue and should instead employ credible and authentic evidence to encourage recipients to identify with the core messages (Mann, 2011[8]).

Box 5.2. Phrasing and framing: It matters how we talk about integrity

Problem-centred communication can be discouraging. Public debate, articles in the media and awareness raising campaigns often feature corruption as a problem, running the risk of making corruption a self-fulfilling prophecy (Gingerich et al., 2015[9]). The perception that corruption is common in society makes integrity breaches seem more justifiable, with citizens thinking "This is just how things work in this country". This can lower the moral burden of an integrity breach, leaving citizens less inclined to change their behaviour to serve a greater good, and feeling as though their individual action makes no difference.

Engaging with the public is an opportunity for integrity policy makers to make their efforts seen and to shape a positive debate. Communication efforts should thus feature integrity instead of focusing on corruption. Awareness raising campaigns could highlight integrity as a reciprocal norm that is worth investing in. Such campaigns should be personal, actionable and social. Integrity communication should convey messages of personal relevance, while respecting the context and social norms and limited scope of action in which the recipients find themselves.

Citizens' perception may also be influenced by indirect communication. Integrity policy makers could, for example, publish their efforts and progress in a regular Monitoring and Evaluation report and engage in pro-active dialogue with the media. They could also publicly emphasise positive role models, e.g. by tendering an integrity award or publishing success stories, e.g. a portrait of an everyday ethical public official.

Where this strategy succeeds, it serves two functions:

- Reconnecting ethical dilemmas with the moral self and re-evaluating an established behaviour with respect to a moral reference point.
- Dissolution of the collective action problem through reinstatement of a sense of control and personal responsibility. Both objectives might be more easily achieved for a specific integrity problem in a targeted group than for corruption throughout society.

Source: Adapted from (OECD, 2018[10]).

The awareness raising campaigns could have two objectives. First, they can be used to challenge the attempts to justify unethical behaviour and create a link between individuals' integrity and the wider public benefit. Even though the majority of people do not like to harm others (Camerer, 2003[11]), the damage done by corrupt behaviour often remains abstract, and not directly linked to another individual, thereby facilitating justification (Barkan, Ayal and Ariely, 2015[12]). Challenging such behaviour means linking awareness raising to actual dilemmas in which citizens understand how their actions can have a negative impact on the community.

Second, the awareness raising campaigns could be used to counteract the collective action problem. This could be achieved by communicating core messages about the expected social norms for integrity and identifying the roles and responsibilities of public officials,

citizens and firms in upholding social norms. For example, as the public sector reforms take root, the Office of the Comptroller could consider carrying out awareness raising campaigns that highlight ethical public officials. The campaigns could showcase "everyday ethical heroes" who are known for their integrity in the public service, highlighting the values and behaviour these officials apply to fulfil their public role with integrity, and ask citizens to support them in supporting integrity. Such a campaign would serve two purposes. First, it would communicate to citizens the government's efforts to introduce reforms; and second, it would challenge the perception that "Everyone is corrupt". In doing so, these campaigns could help increase citizens' sense of agency and resolve the collective action problem.

5.2.2. The Office of the Comptroller for Government Transparency could develop integrity and anti-corruption training programmes for the business sector and civil society and request that the governor of Nuevo León assign the relevant ministries the responsibility of carrying this out.

Integrity and anti-corruption training programmes can also help establish norms of integrity. Such programmes support the awareness raising measures, and have been found to give citizens tools for making moral choices and recognising and addressing ethical dilemmas as they arise (Integrity Action, 2016[13]). Integrity and anti-corruption training programmes are generally targeted to specific segments of society, such as the business community or non-profit organisations. For example, Hong Kong's Independent Commission against Corruption (ICAC) has engaged in a series of integrity and anti-corruption training programmes, which, when coupled with awareness raising campaigns, resulted in higher instances of reporting on corruption (Box 5.3).

Box 5.3. Mobilising Society to fight corruption through civic education and awareness-raising programmes: the case of Hong Kong's Independent Commission Against Corruption

Since it was established in 1974, Hong Kong's Independent Commission against Corruption (ICAC) has embraced a three-pronged approach of law enforcement, prevention and community education to fight corruption. The Community Relations Department (CRD) is responsible for promoting integrity in society, and uses several different methods to educate society, including civic education programmes and awareness-raising campaigns.

The CRD offers tailor-made preventive education programmes, from training workshops to integrity-building programmes, for different community groups, including businessmen and professionals. Training workshops cover the ordinance on prevention of bribery, the pitfalls of corruption, ethical decision making at work, and managing staff integrity.

The CRD disseminates anti-corruption messages to students in secondary schools and at tertiary institutions, through interactive dramas and discussions on personal and professional ethics. It also organises regular talks and seminars for the private and non-profit sector, to advise how to incorporate corruption prevention measures into their operational systems and procedures. Topics range from knowledge of the pitfalls of corruption, risk management, ethical governance and what to do if offered bribes.

The CRD also uses various platforms to raise awareness about corruption and publicise anti-corruption messages to different segments of society. Anti-corruption messages are disseminated on television and radio, through poster campaigns and online. The main website of ICAC houses ICAC's two video channels, which include the popular ICAC TV drama series "ICAC Investigators" and training videos on how to prevent corruption. The ICAC's smartphone application communicates the latest ICAC news and activities, including the integrity videos. An eBooks Tablet App provides access to ICAC e-publications, offering free access to anti-corruption materials at any time.

In its first year of operation, the public education campaigns resulted in 3 189 reports of alleged corruption, more than twice the number received by police in the previous year (Panth, 2011[14]). More than thirty years later, the efforts of Hong Kong's ICAC have produced a situation in which 7 out of 10 Hong Kong citizens are willing to report corruption (Johnston, 2005[15]).

As Hong Kong's example demonstrates, preventing corruption was not solely the result of strong institutions and laws. Enlisting society's participation to hold institutions to account, and concerted attention, has led to an environment in which corruption is rejected both by public officials and citizens.

Sources: (ICAC, 2016[16]; Panth, 2011[14]; Johnston, 2005[15]).

The Office of the Comptroller could propose a training plan and request that the Governor of Nuevo León assign the relevant state bodies with implementation on a series of integrity and anti-corruption training programmes for civil society organisations and firms, similar to the trainings offered to public officials to become "Agents of Change" (see Chapter 3.). The Civil Society Liaison Co-ordinator can support the Office of the

Comptroller in connecting with the civil society organisations and firms. This training course could be offered in person or through online training, and include: *1)* a module on corruption and the impact of rules violation in society; *2)* a module aimed at promoting an understanding of why citizens/private sector/non-profit organisations may violate the rule of law; *3)* a module on public integrity and society's roles and responsibilities in upholding it; *4)* a module to develop capacity for resolving ethical dilemmas; and *5)* a module communicating the roles and responsibilities of public officials for integrity and activities for citizens, the private sector and non-profit organisations to support the integrity of public officials. Building on the good practice of the Let's Do It Right! initiative, the Office of the Comptroller could consider signing an agreement with the Let's Do It Right! initiative to obtain authorisation to use a feature like its online training course on the culture of legality and citizens' responsibilities for ensuring change in society (Box 5.4).

The integrity training can be offered online on the government website. Stakeholders could be encouraged to enrol and take part in this e-learning course by offering incentives for completion, such as issuing a certificate identifying them as "Citizen for Integrity" or "Business for Integrity". This could be considered, for instance, in applications for qualifying for support funding or for public procurement activities. While all citizens of Nuevo León should be encouraged to take this e-training, it should be mandatory for all members of the future Citizen Participation Committee. Information on the training sessions could be disseminated on TV commercials, social media (e.g. Twitter and Facebook).

Box 5.4. Interactive training to promote a culture of legality: Nuevo León's government, civil society and private sector initiative

The Let's Do It Right! initiative has launched an interactive online training course on the culture of legality. The website also provides free access to tools to help citizens of Nuevo León recognise the social benefits of supporting the rule of law in their communities in order to transform their cities. The online training is provided free of charge.

The course offers an introduction to the principles of a culture of legality, an explanation of the importance of a culture of legality and the role of citizens. It describes the barriers to and mechanisms for creating a culture of legality in their communities. The course also provides citizens with basic information on principles of the rule of law and the role of citizens in respecting the rule of law and changing their interactions in society. After completing the course, participants take an examination, and on passing, receive a certificate of completion.

Source: (D.R. Tecnológico de Monterrey, 2013[17]).

The Civil Society Liaison Co-ordinator could also identify the public organisations where a high level of corruption has been reported by citizens. The Office of the Comptroller can use these findings to help develop specific educational programmes on integrity. These programmes could follow the example of one for reducing tax evasion developed by Mexico's Tax Administration Service (*Servicio de Administración Tributaria,* or SAT), which launched these educational programmes in higher education. Nuevo León could use this experience to introduce civic education programmes in other areas at risk, such as public procurement, which has been identified as a sensitive area both by the public and the private sector.

5.2.3. The Office of the Comptroller for Government Transparency could propose measures to "nudge" individuals and firms to act with integrity and request the Governor of Nuevo León's to assign responsibilities to the relevant ministries.

Behavioural insights, the evidence-based understanding of what influences human choices and behaviour, can be usefully applied in integrity policies. Subtly changing the setting in which people are presented with a choice can, for example, make them more likely to make a better choice for their own benefit. In applying behavioural insights, it is useful to be aware of the choice architecture, that is, the way in which people are presented with a choice. Mapping high-risk areas can help public entities understand where and when citizens are unintentionally making choices that could lead to an integrity breach. Based on this information, the respective processes and procedures should be examined to show how to reduce such a risk. Evidence from the behavioural sciences has found, for example, that factors such as demonstrating that most people perform a desired action, the power of networks, including a small message (a "moral reminder"), enabling collective action, providing mutual support and encouraging behaviours to spread peer to peer, can have a positive influence on a person's behaviour (OECD, 2016[18]). Box 5.5 offers several examples from countries that have used behavioural insights in this way.

Box 5.5. Using behavioural insights to inform policy making

Several countries have undertaken initiatives to apply insights from recent research in behavioural sciences aiming to modify their citizens' behaviour:

- **Including norm messages in letters sent to non-tax payers:** Experiments have indicated that individuals are influenced by what others around are doing. In the United Kingdom, the Behavioural Insights Team conducted a series of randomised control trials to determine the impact of including social norm messages in letters to non-tax payers. The results of the trials found that featuring the phrase "Nine out of 10 people pay their tax on time, and you are one of the few people who have not yet paid", more directly the effect of mentioning a localised social norm alone, with payment rates increased from 36.8% to 40.7% (Behavioural Insights Team, 2012[19]).
- **Building moral reminders into key reporting processes:** Like moral reminders that can inform ethical decision making, requiring signature boxes at the beginning of a tax declaration or federal reporting form can help prompt vigilance against error or false reporting from the outset. For example, in the United States, federal vendors who make sales through the Federal Supply Schedules are required to pay the industrial funding fee, which is calculated based on a fraction of the total sales made. To calculate the fee, vendors must self-report the quantity of their total sales. To increase compliance with self-reporting, the General Services Administration (GSA) piloted an electronic signature box at the beginning of its online reporting portal. As a result of the pilot, the median self-reported sales amount was USD 445 higher for vendors who signed at the top of the form. This translated into an extra USD 1.59 million in industrial funding fees paid to the government in a single quarter (Congdon and Shankar, 2015[20]).

Sources: (Behavioural Insights Team, 2012[19]; Congdon and Shankar, 2015[20]).

Focusing on specific areas where the public sector and citizens interact (for example, paying taxes, applying for and receiving social benefits, applying for a licence or submitting a tender for a procurement process), the Office of the Comptroller could identify areas where an effective intervention in choice architecture may be feasible. Table 5.1 identifies examples of possible tools for changing the choice architecture used to nudge citizens toward ethical behaviour. The Office of the Comptroller could then request that the governor of Nuevo León assign responsibilities to the relevant ministries for piloting and testing innovative measures in society to inform integrity decision making. Drawing on good practice from the United Kingdom's Behavioural Insights Team (Box 5.6), the pilots should be based on a clear definition of the outcome, should understand the context within which the intervention is conducted, should be tailored to the specific issue at hand, and should be adapted based on the outcome of the pilots.

Table 5.1. Use of tools to change choice architecture

Tool	Typical application	Example
Default	Setting default in procedures	In each tender package, private sector bidders automatically receive a form for declaring any conflicts of interest.
Reminders and timing	Moral messaging	Placing a signature box at the beginning of the tax declaration form.
	Identity prime	"As a good student, you are committed to integrity."
	Values prime	"Paying bribes compromises your integrity as a member of our company."
	Social prime	"Nine out of 10 people pay their tax on time, you are one of the few people who have not yet paid."
Simplification and convenience	Reducing the number of steps in a process	Submission of tax declarations through an electronic system.
	Chunking	Instead of communicating on various values and rules of conduct, sum all of them up in a meaningful concept/word that is easy to remember.
	Visualisation	Displaying the code of ethics in offices of local public services.
	Convenience	Enabling citizens to pay taxes through a phone application.
Gaming	Games/quizzes	Create an online quiz about integrity and ethical conduct…
	Competitions	…and allow participants to share their results and let them compete against each other.
	Micro-incentives	Allow for participants to gain awards and certifications within the game.
Commitment device	Self-commitment	"I hereby declare that all information entered below in this unemployment benefits request form will be truthful."

Source: Adapted from (OECD, 2018[10]).

Box 5.6. Good practices from the UK's Behavioural Insights Team

The Behavioural Insights Team has developed a methodology that draws on experience of developing major strategies for the UK Government, on a rich understanding of the behavioural literature, and the rigorous application of tools testing "what works".

The EAST framework, which encourages policy makers to make behavioural interventions Easy, Attractive, Social and Timely, is at the heart of this methodology, but it cannot be applied in isolation from a sound understanding of the nature and context of the problem.

The Behavioural Insights Team has formulated a method for developing projects, with four phases:

1. **Define the outcome**: Identify exactly what behaviour is to be influenced. Consider how this can be measured reliably and efficiently. Establish how large a change would make the project worthwhile, and over what time period.
2. **Understand the context**: Visit the situations and people involved in the behaviour, to understand the context from their perspective. Use this opportunity to develop new insights and design a sensitive and feasible intervention.
3. **Build your intervention**: Use the EAST framework to generate your behavioural insights. This is likely to be an interactive process that returns to the two steps above.
4. **Test, learn and adapt**: Put the intervention into practice so its effects can be reliably measured. Wherever possible, BIT attempts to use randomised controlled trials to evaluate its interventions. These introduce a control group to indicate what would have happened if you had done nothing.

Source: (Behavioural Insights Team, 2015[21]).

5.3. Preparing future generations to act with integrity and prevent corruption

5.3.1. The Ministry of Education and the State Institute for Youth could consider implementing an action plan to scale up the existing legality, public integrity and anti-corruption education materials and incorporate into the core curriculum.

Education about public integrity and anti-corruption can help challenge entrenched social norms that allow corruption to flourish. Such education can be found in the schools (e.g. in the existing curriculum or through extra-curricular activities), or through tools offered independently (such as initiatives by civil society organisations). Education on public integrity generates shared knowledge about the expected norms and behaviour for preventing corruption. It also cultivates lifelong skills and values for integrity, encouraging young citizens to accept their role and their responsibility for rejecting corruption. Civic education programmes have been found to increase the likelihood that young people reject corruption in government, and reduce the likelihood that they tolerate or participate in law-breaking activities (Ainley, Schulz and Friedman, 2011[22]; Fraillon, Schulz and Ainley, 2009[23]).

Integrating values into the school curriculum is not a new policy in Mexico. Civic education has been included in basic education in the national curriculum since the early 2000s. Similarly to the national level, the focus of civic and values education in Nuevo León is on promoting a culture of peace and legality (see Table 5.2). This responds to a pre-determined need to equip young citizens of Nuevo Leon with the skills to prevent bullying, handle conflict in a non-violent way and respect their fellow citizens.

Table 5.2. Programmes that Nuevo León has initiated to promote a culture of legality and non-violence

Programme	Programme objectives	Programme reach
Living and Learning in a Safe School *(Convive y aprende en una escuela segura)*	To increase healthy co-existence and peaceful conflict resolution in schools in Nuevo León and to strengthen student learning and educational achievement (this was replaced by the PNCE programme in the 2016-2017 school year).	4 397 preschool, primary and secondary teachers.
Promoters of Human Rights and the Culture of Legality *(Promotores de los Derechos Humanos y la Cultura de la Legalidad)*	Through the direct participation of educational establishments: 1) to disseminate and raise awareness amongst adolescents on the actions of human rights that affect the culture of legality 2) to shape cultural patterns that determines a healthy social integration.	25 000 students.
National School Co-existence Programme (*Programa Nacional de Convivencia Escolar*, or PNCE)	To encourage a harmonious, peaceful and inclusive environment in schools that helps prevent bullying in public basic education schools. The aim is to raise the quality of learning and comprehensive training in all demographic groups.	The programme aims to benefit a total of 2 236 schools, 2 499 principals, 27 173 teachers and 694 408 students.
Campaign to Strengthen School Co-existence: A Co-existing School that Works! *(Campaña de Fortalecimiento a la Convivencia Escolar ¡A Convivir que se ocupa!)*	To provide environments favourable for social interaction in teaching and learning, where students can develop cognitive skills to learn throughout life, as well as social-emotional skills to learn to live together peacefully.	Outreach campaigns in 4 023 primary and secondary schools.
Gender Equality Unit *(Unidad de Igualdad de Género)*	To generate, promote and disseminate strategies to incorporate gender equality perspectives, the exercise of human rights and the eradication of gender-based violence.	The entire educational community: students, teachers, principals and administrative staff, parents of primary and secondary school students.
Watch me grow (*Acompáñame a crecer)*	To encourage the development of healthy school co-existence and peaceful school environments through workshops with parents or guardians of students. Topics presented include: strengthening self-esteem, managing emotions, rules and limits, and assertive conflict resolution in the family.	79 basic education schools from January to June 2018.
Conferences to prevent school violence	To strengthen a culture of healthy, peaceful and violence-free co-existence in schools.	499 schools, 132 022 students, teachers, principals, administrators and parents of elementary and secondary school students.
Campaigns to promote civic values	To increase students' love and respect for their country, a sense of national and regional identity and a culture of legality, to encourage harmonious co-existence and a culture of peace in society.	The campaigns target 112 908 students and 1 785 teachers in a total of 2 901 schools.

Understanding the role of rules and the need for them in a successful society is a building block of public integrity. Programmes of the kind described in Table 5.2 aim to teach students how to identify and resolve problems in their community. These are key skills necessary for cultivating a culture of integrity, because they help students understand how stakeholder engagement can be leveraged to solve complex societal problems. To reduce tolerance for corruption and inculcate values of integrity, the existing PNCE programme could ensure that specific lessons and activities on integrity and anti-corruption are incorporated in teaching manuals and student textbooks, as noted in the national integrity review (OECD, 2017[24]). At the secondary level, activities to engage students in

discussion of the negative impact on society of corruption and integrity violations could be included in the actions developed in the PNCE.

In addition to the peace and legality programmes, the Ministry of Education of Nuevo León (*Secretaría de Educación en el Estado de Nuevo León*) has signed four agreements with various institutions for programmes to promote integrity and anti-corruption skills (see Table 5.3). This includes a programme developed by the Office of the Comptroller and the Ministry of Education to teach students how to promote a culture of integrity in society. Called "The Incorruptibles" (*Los Incorruptibles*), the programme educates students between the ages of 6 and 12 about the Comptroller's role in preventing corruption. Other initiatives, like the initiative to raise the awareness amongst school leaders, teachers and students of the role of transparency and the right of access to public information, are useful in helping citizens to understand their responsibility for being accountable and the tools they have to achieve that.

Table 5.3. Educational programmes in Nuevo León on integrity and anti-corruption

Government entities responsible	Programme and programme objectives
Ministry of Education and the civil society organisation Fundación EducarUno A.C.	"Design the Change": to establish the basis and mechanisms for collaboration, to encourage the participation of teachers and students in public basic education schools to develop and implement solutions for improving the environment in their communities.
Ministry of Education and the Transparency and Access to Information Institute of Nuevo León	To organise courses, workshops and informative talks for school leaders, teachers, administrative staff, parents and public school students. The objective is to increase their knowledge of the role of transparency and the right of access to public information, the protection of personal data and the rendering of accounts, as well as disseminating printed materials to promote a culture of transparency.
Ministry of Education and the Electoral Commission of the State of Nuevo León	To encourage the interest of young people in engaging in democratic life in Nuevo León by voting when they are of voting age.
Ministry of Education and the Office of the Comptroller	"The Incorruptibles": to promote citizen education and a culture of anti-corruption among the educational community, based on principles of vigilance, oversight, transparency and accountability.

The Ministry of Education, in partnership with other government entities, has made considerable progress in developing material to cultivate a culture of integrity across the state. Without a concrete action plan, however, the interventions are *ad hoc* and depend on interested school leaders and teachers willing to incorporate the programmes into their schools and classrooms. Moreover, without a dedicated learning outcomes framework that clearly lays out the expected learning goals and the methods for achieving them, students' knowledge of integrity and anti-corruption could remain piecemeal.

To ensure longevity and robust content, the Ministry of Education and the State Institute for Youth (*Instituto Estatal de la Juventud*)[1] could create an action plan to mainstream education about integrity and anti-corruption in the curriculum. Building on existing programmes, including the federal *Programa Nacional de Convivencia Escolar* (PNCE), the *Incorruptibles* Programme and the Transparency and Access to Information Programme, the Action Plan could identify actions, resources, indicators and time frames to achieve these core activities: the design of the learning outcomes framework, the design of the teaching and learning materials, the teacher training process and the piloting and revision process. The Action Plan should also clearly set out the process for mainstreaming the learning outcomes framework and the teaching and learning materials in the core curriculum, after a process of piloting and revision. The Action Plan could

also include a provision to develop a monitoring and evaluation framework for assessing the impact on students' knowledge.

The learning outcomes framework should identify the core knowledge, skills and attitudes desired for students about public integrity and anti-corruption (see, for example, those presented in Table 5.4). The teaching and learning materials should be based on the learning outcomes framework, tailored to specific age groups, and should include activities allowing students to apply their knowledge about values of integrity in a tangible way. This could include in-classroom activities, like games, role-playing scenarios and debates (see, for example, Box 5.7 on Austria). For the older students, it could also include real-life encounters with public officials, such as the "everyday ethical individuals" mentioned in the previous section. This could provide an opportunity for students to meet public officials working for integrity to apply their knowledge in practice.

Table 5.4. Suggested learning outcomes for education about public integrity

Core Learning Outcome 1: Form and defend public integrity value positions and act consistently upon these, regardless of the messaging and attractions of other options.	
Sub learning outcomes and indicators to improve upon	
Students can explain their own public integrity values, those of others, and that of society as a whole, and what they look like when they are applied.	Identify and use vocabulary that describes values and the situations in which they apply. Explain the mechanisms that may lead to a lack of trust in the values of others or their application. Explain the benefits that arise from having consistent application of proper processes. Describe and define the behaviours that are in opposition to public integrity.
Students can identify the public integrity values that promote public good over private gain and describe the institutions and processes that are designed to protect public good.	Cite examples of public good and contrast it with private gain and the values that drive processes that keep these interests separate. Describe and compare the role of integrity institutions and the need for – and characteristics of – those processes that protect and build integrity. Clearly separate individuals and their actions and the role and importance of integrity institutions and thus be able to see that while individuals may fail in their duties the underlying rationale for the institutions themselves should remain sound.
Students can construct and implement processes that comply with their own public integrity value positions and those of society.	Create and follow rules /processes. Encourage others to follow "rule of law" principles.
Students can apply intellectual skills in regards to the defence of public integrity values.	Devise questions that demand high order thinking, and the ability to respond to questions of others. Critically examine their own behaviour as citizens and explain reasons as to why others take part in actions that damage public integrity. Explain the causes of behaviours that are in opposition to public integrity.
Core Learning Outcome 2: Apply their value positions to evaluate for possible corruption and take appropriate action to fight it	
Sub learning outcomes and indicators to improve upon:	
Students can define corruption and compare it with immoral or illegal behaviour.	Form value positions about corruption and express opinions about corrupt acts. Readily counter the argument that "it is okay to take part in corruption because everyone else does". Explain why corruption is worse than simple theft. Give examples that show why theft of public funds or goods is as bad as theft of private funds or goods. Identify public norms/values and/or religious views that are opposed to the actions of corrupt leaders.
Students can compare and determine the major different mechanisms in corruption.	Explain the meaning of bribery and gives examples; and compare the role and morality of the bribe giver with the bribe taker. Define and give examples of nepotism: explain why is it bad for the development of a country or organisation; explain the consequences of nepotism; and explain how selection on merit works and why it is better than nepotism. Explain the meaning and give examples of conflicts of interest: explain how they can be avoided; design a process that deals with conflicts of interest; and explain the consequences.

	Define and give examples of theft or misuse of public goods: explain the consequences of theft of public goods; and compare and contrast grand from petty corruption.
Students can describe and evaluate consequences of corruption on a whole country	Explain and give examples of how corrupt acts affect everyone; how inequality of income and opportunity get worse with corruption; and why legal businesses do not like corruption.
Students can identify the likely signs of corruption.	Identify likely signs of corruption and give examples such as nepotism instead of selection on merit; and lack of accountability and transparency.
Students can describe ways to, and suggest strategies for, fighting corruption	Explain why it is that if we don't fight corruption we are part of the problem. Define and give examples of transparent processes: explain how transparent procedures stop corruption; evaluate a procedure as transparent; and explain, using examples, why over regulation can cause more corruption. Define accountability, explain why and give examples of how accountability stops corruption. Define and give examples of honesty. Demonstrate transparency, accountability and honesty in their actions.
Students can identify who and/or which organisations to which corruption should be reported.	Describe a variety of ways to report corruption. Identify organisations fight corruption (integrity institutions). Explain the role of the media and civil society organisations in fighting corruption.
Students can explain the purpose and function of integrity policies.	Understand the role of a Freedom of Information law. Design a Code of Ethics / Conduct, explain how it works compared to laws, and abide by and determine if their actions are compliant. Understand the concept of whistleblower protection, and explain why whistleblowers need protection.

Source: (OECD, 2018[25]).

Box 5.7. Examples from Austria of interactive activities about public integrity and anti-corruption

Austria's Federal Bureau of Anti-corruption (or BAK) provides anti-corruption training for students aged 14 to 18, using a combination of teaching and interactive activities. One such activity is the "Corruption Barometer". Two sheets of paper are placed on the floor, one reading "Corruption" and the other reading "No Corruption". The trainer reads out examples of cases of possible corruption, and the students position themselves behind the two sheets of paper, depending on the level of corruption they believe that each case represents. They are then asked to justify their decision. After the exercise, each case is reflected on and discussed in more detail.

Another activity is a role-playing session, where cases of corruption are presented and students are given a "role card" to explain their role. One of the cases, "Acceptance of Gifts", reads as follows:

Claudia is a poor student and is likely to fail in mathematics. Her mother arranges to meet Claudia's teacher at school. During the conversation, the mother gives the teacher an expensive pen. The director of the school and a teacher of philosophy are present.

Students, in groups, then discuss a series of questions, including:

1. How would you evaluate the behaviour of each person?
2. In your opinion, can this already be considered corruption?
3. How should these people behave appropriately?

Sources: (Federal Bureau of Anti Corruption,(n.d.)[26]; Federal Bureau of Anti-Corruption, 2013[27]).

5.3.2. The Ministry of Education could work with the federal Ministry of Public Education to design and deliver training on public integrity and anti-corruption to teachers.

The success of teaching on integrity and anti-corruption depends on how well teachers can deliver instruction on the subject in the classroom. Teacher training on anti-corruption and integrity concepts is a crucial component of curriculum reform. Both trainees and experienced professionals can benefit from acquiring the skills, knowledge and confidence to address the subject. Training on integrity and anti-corruption can also introduce normative standards to teachers, for example the notion that they have a moral obligation to challenge corruption (Starkey, 2013[28]). Teacher training can take many forms, from courses in trainee teacher programmes and professional training to seminars and resource kits prepared by government institutions and/or civil society actors.

As noted in (OECD, 2017[24]), Mexico has a tradition of teacher training, and initial preparation for pre-primary and primary teachers is generally provided by special higher education institutions for teachers, known as teachers' colleges (*Escuelas Normales*). Universities also provide initial teacher education for both lower secondary and upper secondary teachers. The OECD recommended that the federal Ministry of Public Administration (SFP) and the Ministry of Public Education (SEP) work together to develop a course for teachers for inclusion in the teacher training curriculum, to prepare them to teach the integrity and anti-corruption subjects. In Nuevo León, the Secretariat of Education could consider supporting the development of such courses, by offering to pilot the courses in select universities and colleges at the state level.

In-service teacher training is a requirement under Mexico's Law on Professional Teaching Service. This requires teachers to undergo training and assessment throughout their careers, and the Ministry of Education offers a continuing education programme (*Capacitación para docentes*). In Nuevo León, teachers can obtain an advanced professional diploma in civic education and ethics for pre-school, primary and secondary school. This course could serve as a potential pilot for mainstreaming integrity and anti-corruption teacher training in pre-service and in-service teacher training. A General Co-operation Agreement was signed in April 2016 by the Ministry of Education and the civil society organisation Mundo Sustentable A.C. to train teachers on strengthening values in students of basic education.

Box 5.8. How Lithuania prepares teachers to teach anti-corruption

In developing its anti-corruption curriculum, Lithuania identified two project objectives to help teachers integrate anti-corruption content in their lesson plans: *1)* an in-service training programme of anti-corruption education, and *2)* a team of trainers able to consult and train other teachers.

In February 2004, the project team prepared a training course for teachers and an in-service training programme. From March to August 2004, workshops and training seminars were held for teachers, covering the following themes:

- critical thinking methodology for anti-corruption education
- foundations of adult education
- principles of strategic planning
- developing an in-service training programme for anti-corruption education.

From September to December 2004, the in-service training programme was prepared and piloted in the regions, helping to inform updates to the programme. The resulting course, "Anti-corruption education opportunities for secondary school", is part of the permanent training offered by the Modern Didactics Centre, a centre of excellence for curriculum and teaching methods. The programme aims to provide teachers information about corruption, provide anti-corruption education and to encourage teachers to include elements of anti-corruption education in their lesson planning and extra-curricular activities.

Source: (Modern Didactics Centre, 2004[29]).

Proposals for action

Cultivating a shared sense of responsibility for integrity across society

- The Office of the Comptroller for Government Transparency could propose awareness-raising activities for citizens and firms on their roles and responsibilities for respecting public integrity.
- The Office of the Comptroller for Government Transparency could consider developing an action plan for awareness raising that clearly identifies the desired objectives (e.g. the behaviour they wish to change or the perceptions they wish to challenge), the core outputs (e.g. the type of method to achieve the objectives), the target audiences and (where appropriate) the key partners for achieving these goals.
  - Where the action plan proposes that other ministries assume certain responsibilities, the Office of the Comptroller could request that the governor of Nuevo León assign implementation responsibilities to the relevant ministries.
  - The Civil Society Liaison Co-ordinator can support the Office of the Comptroller for Government Transparency in developing and implementing the action plan, and the State Council for the Promotion of Values and Culture of Legality could also support these entities in carrying out the awareness-raising activities.
- The Office of the Comptroller for Government Transparency could consider proposing awareness raising campaigns that highlight ethical public officials. The campaigns could showcase "everyday ethical heroes" known for their integrity in the public service, highlighting the values and behaviour of these officials in conducting their public duties with integrity, and asking citizens to support them in their pursuit of integrity.
- The Office of the Comptroller for Government Transparency could propose developing integrity and anti-corruption training programmes for the business sector and civil society and request that the governor of Nuevo León assign the responsibility for this task to the relevant ministries.
- The Civil Society Liaison Co-ordinator could identify public sector organisations where citizens report a high level of corruption. The Office of the Comptroller for Government Transparency could use this information to help develop specific educational programmes on integrity.
- The Office of the Comptroller for Government Transparency could identify areas where an effective intervention in choice architecture may be feasible. It could then request that the governor of Nuevo León assign responsibility to the relevant ministries to pilot and test innovative measures in society to encourage decision making that promotes integrity.

Preparing future generations to act with integrity and prevent corruption

- The Ministry of Education and the State Institute for Youth could consider introducing an action plan for scaling up the current education materials on legality, public integrity and anti-corruption and incorporate them into the core curriculum.
- The Action Plan could outline how the Ministry of Education of Nuevo León and the State Institute for Youth will build on existing programmes, including the

federal *Programa Nacional de Convivencia Escola* (PNCE), the *Incorruptibles* Programme and the Transparency and Access to Information Programme.
    - The Action Plan could outline actions, resources, indicators and time frames for the following core activities: the design of the learning outcomes framework, the design of teaching and learning materials, teacher training and the piloting and revision process.
    - The Action Plan should also clearly lay out how the learning outcomes framework and teaching and learning materials will be mainstreamed in the core curriculum after the pilot projects and revision process have been completed. It should also include a provision for developing a monitoring and evaluation framework to assess the impact on students' knowledge.
- The learning outcomes framework should identify the core knowledge, skills and attitudes desired for students on public integrity and anti-corruption. The teaching and learning materials should be based on the learning outcomes framework and tailored to specific age groups, and should include activities in which students can apply their integrity knowledge in a tangible way.
- The Ministry of Education could work with the federal Ministry of Public Education to design and provide training programmes for teachers on public integrity and anti-corruption.
- The Ministry of Education could consider supporting the development of college and university courses on integrity and anti-corruption, by offering to pilot the courses in select universities and colleges at the state level.

Note

[1] The State Institute for Youth is a decentralised entity with citizen participation in the government responsible for designing and implementing public policies for youth development in Nuevo León.

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Chapter 6. Improving the internal control and risk management framework in Nuevo León

This chapter assesses Nuevo León's internal control and risk management framework against international models and the OECD Recommendation of the Council on Public Integrity. *It provides an overview of the strengths and weaknesses of the internal control and risk management framework in Nuevo León and presents proposals for action indicating how it could be reinforced to align with the Recommendation and good OECD country practices. The proposals include implementing a strategic risk management system, giving operational management ownership over the management of risk, establishing coherent internal control mechanisms and strengthening the effectiveness of the internal audit function.*

6.1. Introduction

An effective internal control and risk management framework is essential in public sector administration to safeguard integrity, enable effective accountability and prevent corruption. Principle 10 of the OECD's Recommendation of the Council on Public Integrity encourages establishing an internal control and risk management framework that includes:

- **a control environment with clear objectives** that demonstrate managers' commitment to public integrity and public service values, and that provides a reasonable level of assurance of an organisation's efficiency, performance and compliance with laws and practices;
- **a strategic approach to risk management** that includes assessing risks to public integrity, addressing control weaknesses, as well as building an efficient monitoring and quality assurance mechanism for the risk management system;
- **control mechanisms** that are coherent and include clear procedures for responding to credible suspicions of violations of laws and regulations and facilitating reporting to the competent authorities without fear of reprisal (OECD, 2017[1]).

In addition to an effective control environment, strategic risk management and coherent control mechanisms, a public administration system should have an effective and separate internal audit function.

6.2. A control environment with clear objectives

6.2.1. Nuevo León should ensure that its control environment and organisational structure support its internal control and risk management framework.

Before determining risks and internal controls, it is vital that a government entity establish clear objectives for the entity as a whole, for individual programmes and for specific activities. If there is no clear objective, internal controls and risk management cannot be implemented effectively. In Nuevo León, the objectives for the overall internal control and risk management framework should be linked to implementation of the State Anti-corruption System (*Sistema Estatal Anticorrupción para el Estado de Nuevo León*, or SEANL), which came into force on 7 July 2017, and will require a more efficient internal control structure. Under the system's enacting law, the executive and judiciary branch and government entities had six months to issue regulations and make the legal modifications necessary for its implementation. Nuevo León should ensure that clear objectives for the internal control and risk management framework are established and communicated to staff.

Once Nuevo León has ensured that clear objectives are established and that these have been effectively communicated to staff, it should consider the elements of its control environment. The control environment is the foundation for all other components of internal control. According to the Guidelines for Internal Control Standards for the Public Sector established by the International Organization of Supreme Audit Institutions (INTOSAI), elements of the control environment are:

- the personal integrity and ethical values of management and staff, including a supportive attitude toward internal control throughout the organisation;

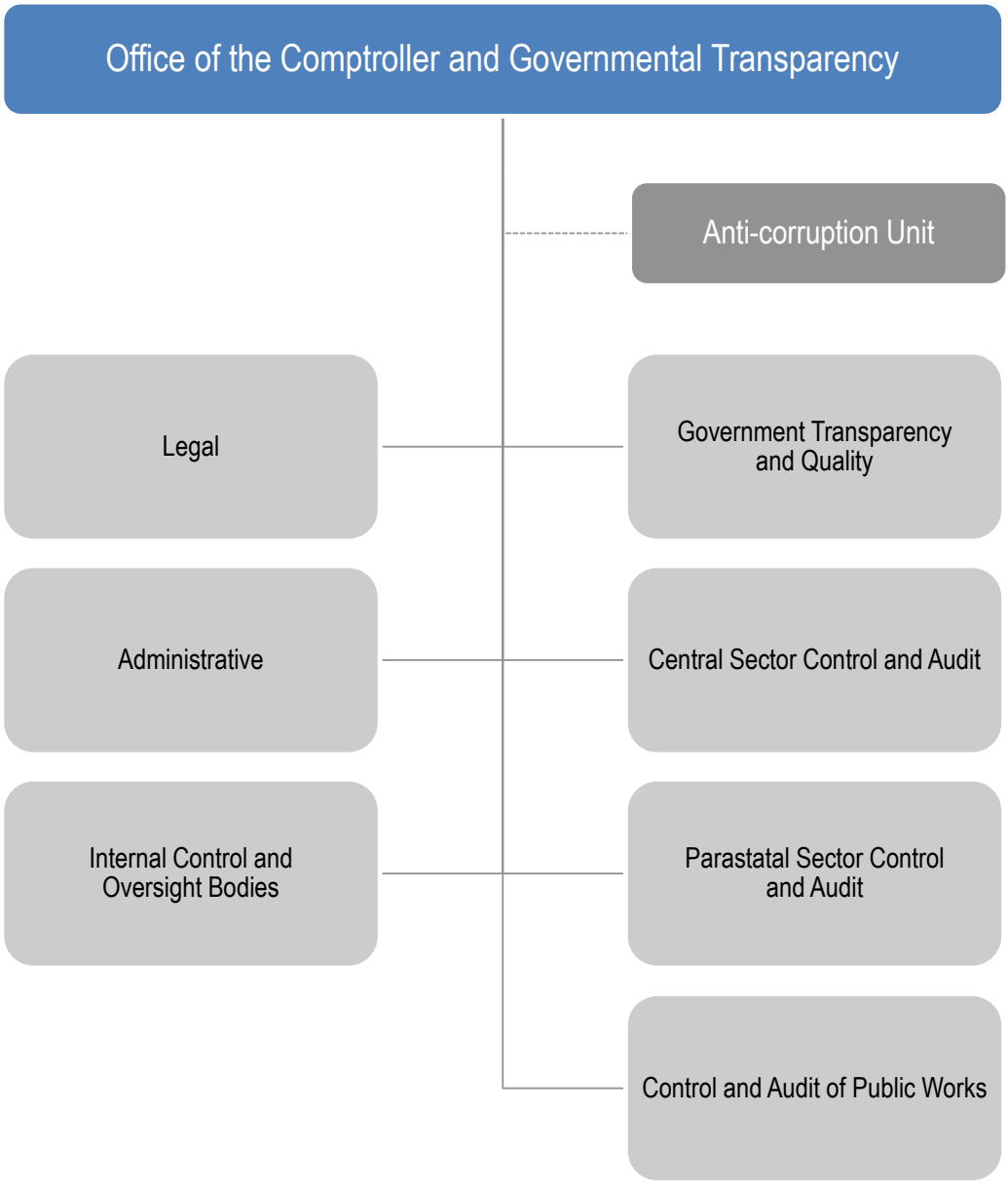
- commitment to competence;
- the "tone at the top" (i.e. management's philosophy and operating style);
- organisational structure;
- human resource policies and practices (INTOSAI, 2010, p. 17[2]).

Cultivating a culture of personal integrity and an ethical "tone at the top" should be an ongoing part of an organisation's operations. This requires the commitment of management and staff and positive reinforcement. Nuevo León has taken some action to promote a culture of integrity through training courses and the introduction of a code of ethics (see Chapter 3.). Having an appropriate organisational structure, framework and policies will also help ensure that an entity functions efficiently, with integrity and in compliance with relevant laws.

In Nuevo León, the Office of the Comptroller and Government Transparency (*Contraloría y Transparencia Gubernamental*, hereinafter Office of the Comptroller) is the main state-level entity responsible for strengthening the co-ordination with the internal control and oversight bodies of the agencies and entities of the state's public administration. In particular, the Office of the Comptroller's responsibilities include the authority to: co-ordinate the control systems of the state's public administration; order reviews and audits; co-ordinate responses to complaints and nonconformities; impose penalties; ensure public services are provided in accordance with the principles of legality, efficiency, honesty, transparency and impartiality; and cultivate a culture of transparency and integrity.

The mission of the Office of the Comptroller is to "promote the best practices of government and internal control, promoting legality, honesty, responsibility, efficiency, transparency and quality in services and the best performance of public servants". The Office of the Comptroller has seven directorates and an Anti-corruption Unit (see Figure 6.1).

Figure 6.1. Organisation chart for Office of the Comptroller and Governmental Transparency



Source: Nuevo León Government website, http://www.nl.gob.mx/dependencias/contraloria/organigrama.

An Agreement for the Functional Co-ordination of the Internal Control Bodies was issued in 2007 by the Executive Branch of the State of Nuevo León. This agreement provides that the Office of the Comptroller functionally co-ordinate the internal control and monitoring system between the entities and the Comptroller and carry out public inspection and evaluation; and that entities that have established their own internal control unit should co-ordinate and plan their activities with the Office of the Comptroller.

The co-ordination is carried out through the Annual Audit and Internal Control Programme (*Programa Anual de Auditoría y Control Interno*, or PAACI), prepared in accordance with the 2007 Agreement and the Guidelines for the Functional Co-ordination of the Internal Control Bodies. The guidelines, which were issued by the Comptroller-General and published in the Official Journal of the State (*Periódico Oficial del Estado*) in October 2007, outlined the functions of the Comptroller-General (see Table 6.1).

Table 6.1. Functions of the Comptroller-General

Functions
Establish an annual audit programme.
Disseminate rules, policies and procedures of the administrative units of government entities.
Support the administrative units of government entities.
Promote training for public servants.
Conduct audits and provide audit reports according to the annual audit programme.
Review the economy and efficiency of processes.
Evaluate programmes and internal control systems.
Monitor and verify compliance.
Analyse the results of reviews and follow-up on recommendations.
Prepare a bi-monthly report for the internal controllers on the status of complaints and non-conformities.
Maintain communication with the Superior Audit Office (*Auditoría Superior del Estado de Nuevo León*, or ASENL) to inform it of actions taken.

Source: Guidelines for the Functional Co-ordination of the Internal Control Bodies.

Within the Office of the Comptroller, the Office of Internal Control and Oversight Bodies (*Dirección de Órganos de Control Interno y Vigilancia*) co-ordinates with the Internal Control Units in the different entities and, for entities with no formal internal control unit, through internal control contacts. The Office of Internal Control and Oversight Bodies has the authority to:

- strengthen co-ordination with the internal control and oversight bodies of the agencies and entities of the State's Public Administration;
- verify that the public commissioners comply with their obligations in parastatal entities;
- review, validate and submit to the Comptroller-General for consideration the work programmes established by the internal control bodies and the results of the work programmes.

Internal controllers and internal control contacts are required to: report to the Office of Internal Control and Oversight Bodies bi-monthly on the progress of the PAACI; and follow up on the implementation of recommendations (both for internal and external audits).

The Internal Control Normative Provisions sent by the Office of the Comptroller to the State's Public Administration units and entities came into effect under a letter dated 3 July 2013. These provisions are based on the Internal Control Framework issued at the federal level. According to the Normative Provisions, the single Internal Control System comprises the set of processes and mechanisms that are applied in an entity in the stages of planning, implementing, and monitoring their management processes, to give certainty to the decision-making process and to achieve their objectives in an environment of integrity, quality, continuous improvement, efficiency and compliance with the law. The

purpose of the Single Internal Control System in achieving the goals of the units or entities is outlined in Table 6.2.

Table 6.2. Purposes of Nuevo León's Single Internal Control System

	Purposes
1.	Promote efficiency, effectiveness and economy in operations, programmes, projects and the quality of public services.
2.	Have mechanisms to monitor the progress in the achievement of objectives and targets and to identify and manage risks that may block achievement.
3.	Measure effectiveness in meeting institutional objectives and prevent deviations in achievement.
4.	Maintain adequate management of public resources and promote efficiency, economy and transparency.
5.	Generate financial statements in accordance with the General Law on Government Accounting and the guidelines issued by the National Council for Accounting Harmonisation.
6.	Encourage compliance with laws, regulations and other provisions that govern the operation of the entities
7.	Safeguarding public resources to ensure integrity, transparency and availability for the purposes they are intended
8.	Strengthen processes for the achievement of objectives, particularly for those related to the application of resources or those prone to possible acts of corruption; and to prevent or correct deviations that affect compliance

Source: Nuevo León's Internal Control Normative Provisions (2013).

The intended purpose of Nuevo León's internal control system include vital elements such as managing risk (Purpose 2), ensuring integrity and transparency (Purpose 7) and strengthening processes to achieve objectives and prevent corruption (Purpose 8). It is advisable that the internal audit function be kept separate from this outline of internal control system purposes. Nuevo León should ensure that its control environment and organisational structure provides a good basis for its internal control and risk management framework.

6.2.2. Nuevo León could arrange for all staff to receive training on the internal control and risk management framework, to ensure it is implemented consistently .

The Annual Audit and Internal Control Programme indicates that the Office of the Comptroller will promote and verify the training of public servants. The Comptroller's Office is required to verify that each entity has a training programme set up and in operation and that each comply with the Programme of Legality Culture and Combatting Corruption, which is co-ordinated by the Anti-corruption Unit (see Chapter 3.).

Internal auditors (the third line of defence) play a key role in defining the right culture of integrity and accountability within the organisation. They act as key "Agents of Change" by assessing the control environment as part of their assurance mandate, and motivate management to address any flaws and inefficiencies in the control environment. Nuevo León has trained a further 500 public servants to be "Agents of Change" and to pass on to their colleagues the information they have learned.

Nuevo León could benefit from making sure all staff receive information and training on the internal control and risk management framework, so that it can be consistently implemented. The way senior officials apply the framework and react to compliance and deviation is crucial for enhancing the credibility of the control environment. Enforcement and disciplinary procedures should be clear, transparent and applied equally to everyone. They should also be communicated to all public officials to guarantee a shared

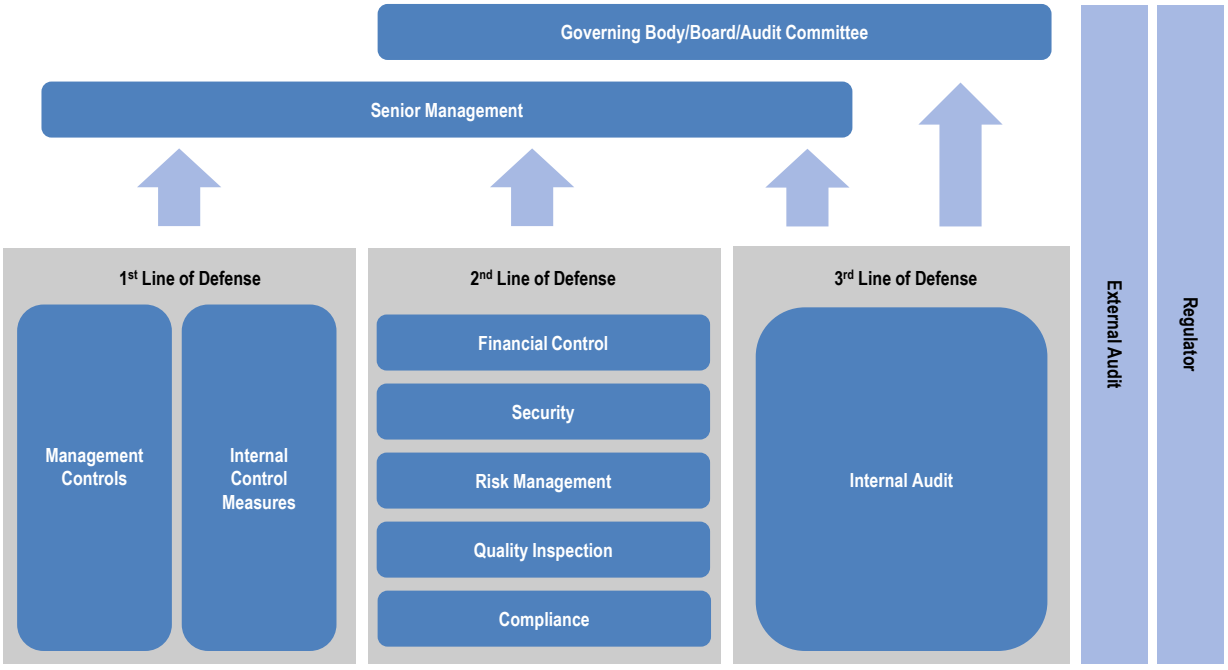
understanding of the rules. Communicating the examples of officials who demonstrate exemplary behaviour can help promote integrity.

6.2.3. Nuevo León could apply the principles of the "three lines of defence" model to give greater responsibility for internal control and risk management to operational management.

With its established Guidelines (2007) and Normative Provisions (2013), Nuevo León has in principle provided a strong basis for its internal control and risk management framework. Encouraging management and all staff members to participate can help develop better systems and procedures that improve the organisation's integrity and its resistance to corruption. While senior managers should be primarily responsible for managing risk, implementing internal controls and demonstrating the entity's commitment to ethical values, all officials in a public organisation, from the most senior to the most junior, should play a role in identifying risks and deficiencies and ensuring that internal controls address and mitigate these risks. One of the core missions of public officials responsible for internal control is to help ensure that the organisation's ethical values, and the processes and procedures underpinning those values, are communicated, maintained and enforced throughout the organisation.

The leading fraud and corruption risk management models among OECD member and partner countries stress that the primary responsibility for preventing and detecting corruption rests with the staff and management of public entities. Such corruption risk management models often share similarities with the Institute of Internal Auditors' "three lines of defence" model (see Figure 6.2).

Figure 6.2. The 'three lines of defence' model



Source: (Institute of Internal Auditors, 2013, p. 2[3]).

Under the Institute of Internal Auditors' model, the first line of defence comprises operational management and personnel. Those on the front line naturally serve as the first line of defence, because they are responsible for maintaining effective internal controls and for executing risk management and control procedures on a day-to-day basis. Operational management identifies, assesses, controls and mitigates risks, guiding the development and implementation of internal policies and procedures and ensuring that activities are consistent with goals and objectives (Institute of Internal Auditors, 2013[3]).

The second line of defence includes the next level of management: those with responsibility for oversight of delivery. This line is responsible for establishing a risk management framework, monitoring, identifying emerging risks, and regular reporting to senior executives. The third line of defence is the internal audit function. Its main role is to provide senior management with independent, objective assurance over the first and second lines of defence arrangements (Institute of Internal Auditors, 2013[3]).

In Nuevo León, greater responsibility for internal control and risk management could be given to operational management. The evolution of the French internal control system, which focuses on managerial responsibility, provides useful insight (see Box 6.1).

Box 6.1. The government of France's internal control system

In 2006, the Organic Law Governing Budget Laws of 1 August 2001 (*La loi organique relative aux lois de finances*) took effect, providing an opportunity to reconsider the management of public expenditure. It was accompanied by a shift in the role of the main actors involved in the control and management of France's public finances.

Key features of the reform introduced in France's public administration include: objective-based public policy management; a results-oriented budget; a new system of responsibility; strengthened accountability; and a new accounting system.

The Decree of 28 June 2011 on internal audits is the culmination of a drive to control the risks in the management of public policies. This reform made it possible to extend the scope of internal control to all functions in ministerial departments and to establish an effective internal audit policy.

The French system focuses on managerial responsibility. The programme manager is the key link between the political responsibility (assumed by the minister) and managerial responsibility (assumed by the programme manager). Under the minister's authority, the programme manager drafts the strategic objectives of the relevant programme and undertakes the operational implementation of the programme to fulfil its objectives. The minister and the programme manager become accountable for the objectives and indicators specified in Annual Performance Plans (APP). These national objectives are adapted, if necessary, for each government entity. The programme manager delegates the management of the programme by establishing operational budgets under the authority of appointed managers.

Source: (OECD Working Party of Senior Budget Officials, 2015[4]; European Commission, 2014[5]).

6.3. A strategic approach to risk management

6.3.1. Nuevo León could introduce a strategic risk management framework to strengthen the internal control framework and improve management of the risk of fraud and corruption.

An effective internal control and risk management framework includes policies, organisational structures, procedures and processes that allow an organisation to identify and respond to risks appropriately.

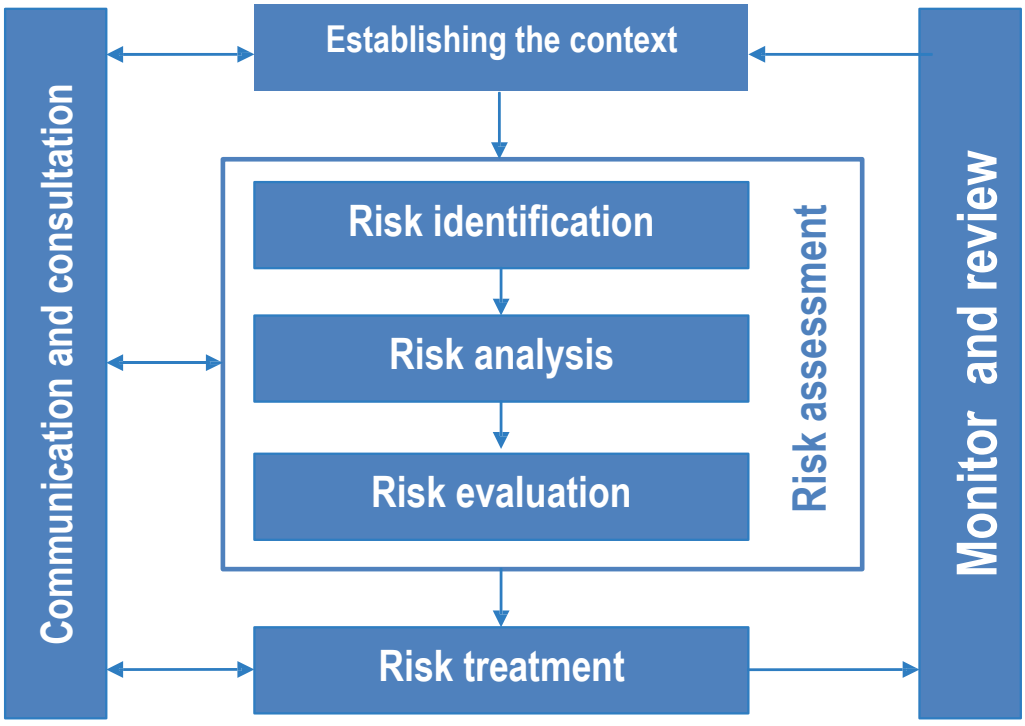
Nuevo León declared that its internal control system should offer "mechanisms to monitor the progress in the achievement of objectives and targets and to identify and manage risks that may block achievement of these objectives". However, public officials indicated in interviews that no specific methodology for risk management has been formally established in the public sector for the state and that risk management is generally not carried out. Some initial groundwork has been conducted, and some training provided to internal control staff on risk management included theoretical concepts for implementing a risk matrix and risk mapping.

Good governance practices in OECD countries indicate that risk management must be considered an integral part of the institutional management framework rather than managed in isolation. Risk management should permeate the organisation's culture and activities so that it becomes the business of everyone within the organisation. Informed employees who can recognise and deal with corruption are more likely to identify situations that can undermine institutional objectives.

In the public sector, the concept of operational risk management should include the systems, processes and culture that help identify, assess and treat risk to help public sector entities achieve their performance objectives (OECD, 2013[6]).

Operational risk management begins with establishing the context and setting an organisation's objectives. It goes on to single out events that might have an impact on their achievement. Events that may have a negative impact are risks. Risk assessment is a three-step process that starts by identifying risk and is followed by risk analysis, which involves developing an understanding of each risk, its consequences, the likelihood of those consequences occurring, and the severity of the risk. The third step is risk evaluation, to determine the tolerability of each risk and whether the risk should be accepted or treated. Risk treatment means adjusting existing internal controls or developing new controls to bring the severity of a risk to a tolerable level (ISO, 2009[7]). For a depiction of the risk management cycle, see Figure 6.3.

Figure 6.3. Risk management cycle



Source: Adapted from *ISO 31000:2009 Risk Management*.

The process of establishing context and assessing and treating risk is linear, while communication and consultation, monitoring and reviewing are continuous. Communication and consultation with internal and external stakeholders is, where practicable, a key step towards securing their input in the process and giving them ownership of the outputs of risk management. It is also important to understand stakeholders' concerns about risk and risk management, so that their involvement can be planned and their views taken into account in determining risk criteria. Monitoring and reviewing helps single out new risks and the reassessment of existing ones when there are changes in the organisation's objectives or in its internal and external environment. This involves scanning for possible new risks and learning lessons about risks and controls by analysing successes and failures (OECD, 2013[6]; ISO, 2009[7]).

Interviews with public officials suggested that the administration faces integrity risks, such as fraud, favouritism, bribery and abuse of power. Nuevo León also indicated that there was no executive officer specifically responsible for risk management, and that risk assessments related to corruption or fraud are not conducted. This can be confirmed by the fact that this feature was not considered in the State Development Plan 2016-2021 or in the Strategic Plan of Nuevo León 2015-2030, setting up an efficient and transparent government. The incorporation of risk management framework could be considered when Nuevo León revises its strategic plans, particularly the sections that relate to combating fraud and corruption.

Nuevo León indicated that its main challenges in integrating an internal control and risk management framework into day-to-day management were:

- lack of practical guidelines for implementing an internal control system;
- staff considering internal controls to be a mere formality and bureaucratic burden, rather than important tools for promoting integrity and improving performance;
- insufficient communication on the importance of internal control processes for the achievement of organisational objectives;
- staff considering internal controls and risk management to be objectives in themselves;
- lack of clearly defined roles and responsibilities for internal controls.

Having an effective risk management framework in place is essential to managing risks of fraud and corruption. Nuevo León could implement a strategic risk management framework to strengthen its internal control framework and improve the management of fraud and corruption risks. The United States' Government Accountability Office (GAO) has established a risk management framework for managing fraud risks in federal programmes. This example, which includes practical processes and activities, is outlined in Box 6.2.

Box 6.2. The GAO fraud and corruption risk management framework

The United States' Government Accountability Office (GAO) has a framework for managing fraud risks in federal programmes. This includes control activities, as well as structures and environmental factors that help managers mitigate fraud risks. The framework consists of four components for effectively managing fraud risks.

1. **Commit** to combating fraud by creating an organisational culture and structure conducive to fraud risk management.

- Demonstrate senior-level commitment to combat fraud and involve all levels of the agency in setting an anti-fraud tone.
- Ensure there are defined responsibilities for risk management.

2. **Assess**: Conduct regular fraud risk assessments to determine a fraud risk profile.

    - Tailor the fraud risk assessment to the programme, and involve relevant stakeholders.
    - Assess the likelihood and impact of fraud risks and determine risk tolerance.
    - Examine the suitability of existing controls, prioritise residual risks and document a fraud risk profile.

3. **Design and implement** a strategy with specific control activities to mitigate assessed fraud risks and collaborate to help ensure its implementation.

    - Develop, document and communicate an anti-fraud strategy, focusing on preventive control activities.
    - Consider the benefits and costs of controls to prevent and detect potential fraud, and develop a fraud response plan.
    - Establish collaborative relationships with stakeholders and create incentives to assist in effective implementation of the anti-fraud strategy.

4. **Evaluate and adapt:** Evaluate outcomes using a risk-based approach and adapt activities to improve fraud risk management.

- Conduct risk-based monitoring and evaluation of fraud risk management activities, with a focus on outcome measurement.
- Collect and analyse data from reporting mechanisms and instances of detected fraud, for real-time monitoring of fraud trends.
- Use the results of monitoring, evaluations and investigations to improve fraud prevention, detection and response.

As outlined under each of these components, ongoing practices and activities can help an organisation maintain its monitoring and feedback mechanisms and ensure that the framework remains dynamic and that staff remain engaged in the processes.

Source: (GAO, 2015[8]).

6.3.2. Nuevo León could operationalise the risk management framework by assigning clear responsibility for managing risk to senior managers, providing training for staff and updating risk management systems and tools.

After developing a risk management framework, it must be put into operation. Appropriate and accurate risk management information needs to be collected. Senior management will need to be assigned clear responsibility for the ongoing management and monitoring of risk, and all staff need to be aware of the risk management framework and how to incorporate risk management into their daily work and decision-making.

Appropriate and accurate risk information is essential for operationalising a risk management framework. Without it, effectively assessing, monitoring and mitigating risk would be difficult. Information to support risk management can derive from a number of internal and external sources, depending on the programme or area of work. A consistent approach to sourcing, recording, and storing risk information will improve the reliability and accuracy of the required information.

For a risk management framework to function effectively, responsibility for specific risks needs to be clearly assigned to the appropriate secretaries or directors. These secretaries or directors need to take ownership of the risks that could affect their institutional objectives, use risk information to inform decision-making and actively monitor and manage their assigned risks. They should also be held accountable to the executive through regular reporting on risk management, including on lessons learned, successes and areas that could be improved (Department of Finance, 2016[9]).

Staff should be made aware of the risk management framework and key requirements through training and awareness-raising activities. Further, job descriptions could include risk management requirements. Communication and consultation with staff is also a key step in securing input in the risk management process and giving them ownership of the output of risk management. Informed employees who can recognise and deal with corruption risks are more likely to identify situations that can undermine the achievement of institutional objectives.

Nuevo León could operationalise the risk management framework by assigning clear responsibility for the management of risk to secretaries or directors, providing training for staff and updating risk management systems and tools. OECD member country, Australia, has developed guidance on building risk management capability in entities, which provides useful insights (see Box 6.3).

Box 6.3. How the Australian government builds risk management capability

The Australian federal Department of Finance has developed guidance for government officials on how to build risk management capability in their entities. It suggests that entities consider each of the areas outlined below to determine where improvements may be made to their risk capability.

People capability – A consistent and effective approach to risk management is the result of well-skilled, well-trained and adequately resourced staff. All staff have a role to play in the management of risk. It is important that staff at all levels have clearly articulated and well-communicated roles and responsibilities, access to relevant and up-to-date risk information, and the opportunity to build competency through formal and informal learning and development programmes. Building the risk capability of staff is an ongoing process. With the right information and learning and development, a government entity can build a risk-aware culture among its staff and improve the understanding and management of risk. Considerations include:

- Are risk roles and responsibilities explicitly detailed in job descriptions?
- Have you determined the current risk management competency levels and completed a needs analysis to identify learning needs?
- Do induction programmes incorporate an introduction to risk management for all levels of staff?
- Is there a learning and development programme that incorporates ongoing risk management training tailored to different roles and levels of the entity?

Risk systems and tools – Varying in complexity, risk systems and tools are designed to provide storage and accessibility of risk information that will complement the risk management process. The complexity of risk systems and tools often range from simple spreadsheets to complex risk management software and are most effective when they are adaptable to the needs of the entity. The availability of data for monitoring, risk registers and reporting will help build risk capability, provided the systems and tools are well maintained, information is rich and up-to-date and training and support is provided. Considerations include:

- Are your current set of risk management tools and systems effective in storing the required data to make informed business decisions?
- How effective are your risk systems in providing timely and accurate information for communication to stakeholders?

Managing risk information – Successfully assessing, monitoring and treating risks across a government entity depends on the quality, accuracy and availability of risk information and the supporting documentation. A consistent approach to the sourcing, recording, and storage of information will improve the reliability and availability of required information to different audiences. Considerations include:

- Have you identified the data sources that will provide you with the necessary information for a complete view of risk across the entity?
- What is the frequency of collating risk information for delivery to different audiences across the entity?
- Do you have readily available risk information accessible to all staff?

- How would you rate the integrity and accuracy of the available data?

Risk management processes – The effective documentation and communication of the risk management processes that support the entity's approach to managing risk will provide a consistent approach to risk management and allow for clear, concise and frequent presentation of risk information to support decision making. Considerations include:

- When was the last time your risk processes were reviewed?
- Are your risk management processes well documented and available to all staff?
- Do risk management processes align with your risk management framework?
- Is there training in the use of your risk processes available, tailored to different audiences?

Source: (Department of Finance, 2016[9]).

6.4. Coherent control mechanisms

6.4.1. Nuevo León could strengthen and integrate its internal control activities to ensure that reasonable assurance is provided.

One fundamental way risks are mitigated and treated is through the implementation of internal control mechanisms. Internal controls are implemented by an entity's management and personnel and continuously adapted and refined to address changes to the entity's environment and risks. Internal control activities are designed to address risks that could affect the achievement of the entity's objectives and to provide reasonable assurance that the entity's operations are ethical, economical, efficient and effective; that accountability and transparency obligations are met; that activities and actions comply with applicable laws and regulations; and that resources are safeguarded against loss, misuse, corruption and damage (INTOSAI, 2010, p. 6[2]).

Control mechanisms constitute checks and balances that are the responsibility of secretaries or directors and are carried out by staff on a daily basis. Internal controls include a wide range of processes designed to ensure that employees and managers exercise their duties within the parameters established by the entity. The overall goal of internal control should be that the rules and values of the organisation are implemented in accordance with senior management's vision and with a view to meeting the organisation's strategic objectives.

According to INTOSAI's *Guidelines for Internal Control Standards for the Public Sector*, internal control activities should occur throughout an entity, at all levels and in all functions. They include a range of detective and preventive control activities, such as:

- authorisation and approval procedures;
- segregation of duties (authorising, processing, recording, reviewing);
- controls over access to resources and records;
- verification;
- reconciliation;
- reviews of operating performance;
- reviews of operations, processes and activities;
- supervision (assigning, reviewing and approving) (INTOSAI, 2010, p. 28[2]).

For example, authorising and executing procurement transactions should only be done by persons acting within the scope of their authority. Authorisation is the principal means of ensuring that only valid transactions and events are initiated as intended by management. Authorisation procedures, which should be documented and clearly communicated to managers and employees, should include the specific conditions and terms under which authorisations are to be made. Conforming to the terms of an authorisation means that employees act in accordance with directives and within the limitations established by management or legislation (INTOSAI, 2010, p. 29[2]). Nuevo León should ensure these types of financial controls are in place and that guidance and standard operating procedures for staff are up to date.

Internal controls should not attempt to provide absolute assurance, as this could potentially constrict activities to a point of severe inefficiency. "Reasonable assurance" is a term often used in audit and internal control environments. It means a satisfactory level of confidence given due consideration of costs, benefits and risks. Determining how much assurance is reasonable requires judgment. In exercising this judgment, managers should identify the risks inherent in their operations and the levels of risk they are willing to tolerate under various circumstances. Reasonable assurance accepts that there is some uncertainty and that full confidence is limited by the following realities: human judgment in decision making can be faulty; breakdowns can occur because of simple mistakes; controls can be circumvented by the collusion of two or more people; and management can choose to override the internal control system (INTOSAI, 2010, pp. 8-9[2]). Nuevo León could strengthen and integrate its internal control activities to ensure that reasonable assurance is provided.

6.4.2. Nuevo León could ensure that each internal control serves a purpose and that the overall system is monitored, ethical and efficient.

In setting internal controls, management should consider the costs of each control, that is, monetary costs, time costs and opportunity costs. Management needs to weigh the potential benefit of each control against the potential cost and ensure that its benefits will outweigh the costs. Should this not be the case, management should consider alternate methods of control that will achieve the desired outcome. Management should monitor internal control systems and adapt them where necessary to ensure that internal controls are pitched at the right level to be effective and provide reasonable assurance. At the same time, they should not overburden systems and staff with controls to the point where quality, timeliness and responsiveness are affected. A system out of balance can lead to staff circumventing burdensome control processes, which defeats the purpose and can expose an entity to additional risks.

Internal controls also provide reasonable assurance to the public and key stakeholders that government transactions are being undertaken in a transparent, ethical and fair manner. Procurement is a government activity particularly vulnerable to fraud and corruption. The government needs to put levels of control in place to ensure that public funds are being spent appropriately and receiving value for money, that regulations and laws are complied with and that suppliers and tenderers are treated fairly and without favouritism. This is a matter of reputation and credibility. A balance needs to be struck in this respect. On the one hand, internal controls increase confidence in government and promote fair and consistent treatment of key stakeholders. On the other hand, internal controls that are out of balance or have too many layers of bureaucracy can lead to lethargic administrative processes that reduce the credibility of government.

For example, in Nuevo León, it appears that staff sometimes purchase items (such as ink for printers) with their personal funds, without prior authorisation, and then seek, and receive, reimbursement. Such practices appear to have developed as a result of an inefficient and cumbersome purchasing system.

Internal control should be a dynamic process that is refined and adapted as risks and environments change. Nuevo León should ensure that the internal control system is monitored and that there are clear means for adapting and refining procedures to respond to changes in objectives, risks and circumstances. Nuevo León could also ensure that each internal control serves a purpose, with its benefits outweighing its costs, and that the overall system is ethical and efficient.

6.4.3. Nuevo León could consider making better use of its internal control reporting function for identifying issues and risks and reporting on them to management.

Each entity's Internal Control Unit (or equivalent) is responsible for reporting to the Office of Internal Control and Oversight Bodies within the Office of the Comptroller every two months on whether the entity has complied with relevant laws, norms and requirements, including those related to procurement. As of May 2018, 15 entities had Internal Control Units. For those entities without one, this responsibility is assigned to an "Internal Control Contact", a person who has another full-time job, but is responsible for completing the reporting template every two months.

If an entity has not met requirements, it needs to provide an explanation why. This type of reporting can assist with the consistent application of laws, regulations and policies across the government. However, although the Office of Internal Control and Oversight Bodies indicated that it tries to follow up on these cases, it has limited resources for doing so and there is no process for capturing this information or reporting it to management.

Nuevo León could consider making better use of this established reporting mechanism. This information can be used to identify trends, issues and risks and assist management in risk management and decision making.

6.5. An effective and separate internal audit function

6.5.1. Nuevo León could consider investing in training, tools and methodologies for internal audit staff to improve the quality and efficiency of audits.

In Nuevo León, the Central Sector Control and Audit Office (*Dirección de Control y Auditoría del Sector Central*) and the Parastatal Sector Control and Audit Office (*Dirección de Control y Auditoría del Sector Paraestatal*) have, in their respective sectors, responsibility to: conduct and report on audits, reviews, monitoring actions, inspections; verify and monitor compliance with internal control processes; and verify that the operations of entities are consistent with planning, budgeting, monitoring, evaluation and accountability processes**.**

The Central Sector Control and Audit Office has 27 staff, including 24 who work on audits. They are responsible for auditing central government entities and the education sector and for conducting follow-up audits. Central government includes the entities that report directly to the governor, such as Infrastructure, Health and Finance and the General Treasury of the State.

The Parastatal Sector Control and Audit Office has 14 staff, including 5 audit directors and 7 audit staff members. They are responsible for auditing 65 parastatal entities (enterprises that are wholly or partially owned by the state), and they conduct approximately 30 audits, inspections and reviews each year. Interviews during the OECD fact-finding mission indicated that audit staff have received little to no professional audit training and have not been provided with basic auditing tools and methodologies. A modest investment in tools and training could increase the efficiency and quality of audits. Given the importance of internal audit in an integrity framework, Nuevo León could consider whether this office would benefit from increased resources and the professionalisation of its workforce and could consider investing in training, tools and methodologies for internal audit staff, to improve the quality and efficiency of audits.

6.5.2. Nuevo León could ensure that its central co-ordination of internal audit leverages available resources to enhance oversight and allow for a coherent response to integrity risks.

According to the OECD's *Government at a Glance 2017*, a central internal audit function, particularly one with an emphasis on including integrity in its strategic objectives, can strengthen the coherence and harmonisation of the government's response to integrity risks. Auditing multiple entities at a central level can leverage audit resources; enhance the government's ability to identify systemic, cross-cutting issues; and put measures in place to respond from a whole-of-government perspective (OECD, 2017[10]).

Nuevo León could build on its centralised internal audit functions, undertaken by the Central Sector Control and Audit Office and the Parastatal Sector Control and Audit Office, to enhance oversight through the identification of trends and systemic issues and allow management to respond to emerging issues, including integrity risks, in a coherent, holistic way.

Fifteen OECD countries, including Mexico and Canada, report having a central internal audit function with responsibility for auditing more than one government ministry. The Comptroller-General in Canada offers one example of internal audit co-ordination that includes policy and liaison, developing the audit community and providing co-ordinated audit services (see Box 6.4).

Box 6.4. Canada's Treasury Board and its central internal audit function

The Internal Audit Sector of the Office of the Comptroller-General of Canada is responsible for the Policy on Internal Audit and the federal government internal audit community. Its mandate is to provide independent assurance on governance, risk management and control processes. In performing this role, the Sector supports the commitment of the Comptroller-General to strengthen public sector stewardship, accountability, risk management and internal control across government. The three main areas of responsibility of the Internal Audit Sector are as follows:

1. **Policy and liaison** – focuses on the timely provision of guidance and oversight to the audit community. This includes:

- leading and championing the internal audit function;
- monitoring and evaluating policy implementation and compliance;
- providing oversight and challenge support to departmental internal audit groups;
- Developing policy, professional advice, standards and technology enablers.

2. **Internal audit community development** – provides support to departmental audit committees and initiatives to support internal audit capacity development. This includes:

- recruiting and supporting department audit committees;
- reinforcing the human resources capacity of the internal audit community through capacity building and community development activities.

3. **Audit operations –** provides audit services to large and small departments and agencies. This includes:

- developing government-wide risk profiles;
- planning and co-ordinating horizontal assurance engagements across departments;
- providing specific internal audit services; and
- providing support to the Audit Committee for small departments and agencies.

Sources: (Treasury Board of Canada Secretariat, 2014[11]).

6.5.3. Nuevo León could build on its internal control training programme to provide further training on ethics and integrity for internal auditors.

A key element for maintaining an effective internal control environment is ensuring the merit, professionalism, stability and continuity of audit staff. Public entities should develop the right mechanisms to attract, develop and retain competent individuals with the right set of skills and the ethical commitment to work in control and audit. Training, certification and the improvement of auditing and investigative competencies reinforces the credibility of the auditor. Training modules should be a tool for practitioners to address the complexities they typically encounter. There is a large gap between professional certifications and the actual integration of internal control and audit functions into public entities' daily management and operations.

The Office of the Comptroller and the General Treasury of the State have signed an agreement with the Institute of Public Accountants of Nuevo León and the School of Specialties for Professional Accountants. This allows for public servants to be trained in the School of Specialties for Professional Accountants. In addition to formal certifications, the School also offers diplomas and refresher courses.

The Office of the Comptroller has established a training programme in an effort to strengthen the capacity of staff in internal control units. The first training course, held in March 2016, was entitled "Internal Control Bodies in the State Public Administration" and was attended by 135 public servants involved in internal control activities. This half-day course included the following topics:

- The Functional Co-ordination of Internal Control Bodies;
- The Vigilance Function through the Public Commissioner;
- The Annual Audit and Internal Control Programme;
- The Integrated Internal Control Framework.

In April 2016, a half-day course, "Strengthening Transparency and Prevention of Corruption through Internal Control Bodies" was attended by 127 public servants and included the following topics:

- Transparency in Internal Control Bodies;
- Protection of Personal Data;
- The Basic Legal Framework;
- Open Government;
- Anti-corruption Preventive Strategies; and
- Anti-corruption Complaints.

In May 2016, a course on Internal Control and Risk Management was attended by 150 public servants. A course titled "Internal Control, Transparency and Prevention of Corruption through the Municipal Comptroller", was held in July 2016 and attended by 99 public servants from 38 municipalities in the state. The objective of the course was to encourage institutional collaboration between the state comptroller and those of the municipalities of Nuevo León, through sharing knowledge and experience related to internal control, transparency, personal data protection and strategies for the prevention and reporting of corruption. Nuevo León could build on this training programme for internal controllers to provide further training on ethics and integrity for internal auditors.

6.5.4. Nuevo León could strengthen mechanisms for monitoring the implementation of audit recommendations.

Nuevo León's Normative Provisions require that audit recommendations be followed up. In OECD interviews, Nuevo León auditors indicated that generally, implementation of recommendations was low and that recommendations were difficult to monitor and follow up. This was partly due to limited resources for follow-up and partly due to the lack of engagement by the audited areas. Internal auditors report the number of recommendations that have been implemented, based on available information, to the Office of the Comptroller on a regular basis. However, auditors have little to no capacity to follow up these recommendations or address the low implementation rate.

Nuevo León could strengthen mechanisms for monitoring implementation of audit recommendations. Audit offices from OECD member countries have a variety of mechanisms for following up audit recommendations and tracking implementation rates.

Some offices, such as the Australian National Audit Office, conduct follow-up audits each year, and others use self-reporting to give an indication of the level of implementation. The sub-national audit office for the province of British Columbia in Canada offers one example of a self-reporting approach to the follow-up of audit recommendations (see Box 6.5).

Box 6.5. How British Columbia's Office of the Auditor-General follows up audit recommendations

In June 2014, British Columbia's Office of the Auditor-General (OAG) published a report entitled *Follow-Up Report: Updates on the Implementation Of Recommendations from Recent Reports*. According to the Auditor-General of British Columbia at the time, it was critical that the OAG follow up on the recommendations to ensure that citizens receive full value for money from the OAG's work, since the recommendations identify areas where government entities can become more effective and efficient.

The OAG followed up by publishing a report including self-assessment forms completed by audited entities. These forms were published unedited and were not audited. The report contained 18 self-assessments, 2 of which reported that the entity had fully or substantially addressed all the recommendations in their reports.

The OAG also followed up on its recommendations by auditing four self-assessments to verify their accuracy. It found that in almost all cases, entities had accurately portrayed the progress they had made in implementing the recommendations. While recommendations were sometimes found to be partially rather than fully or substantially implemented, as self-reported, the discrepancy usually resulted from a difference in understanding of what fully or substantially implemented meant. In those cases, the OAG worked with the ministries and agencies to clarify expectations and reach agreement on the status of the implementation.

Source: (Office of the Auditor General of British Columbia, 2014[12]).

To follow up sanctions, Nuevo León has established direct co-ordination between the Comptroller and the Superior Audit Office of the State of Nuevo León (*Auditoría Superior del Estado de Nuevo León*, or ASENL). This co-ordination could be further increased. Where the ASENL finds irregularities, it sends a report to the units and requests that they undertake corresponding administrative liability procedures. Once this process is completed, penalties imposed by the entities are reported back to the ASENL.

6.5.5. Nuevo León could strengthen the independence of its internal audit function by ensuring that it is separate from entity management functions—including the implementation of internal controls and risk management.

Internal auditors do not need the same level of independence as external auditors, but it is important that they maintain their independence from the management of the entities they audit. This allows auditors to present unbiased opinions on their assessments of internal control and objectively present recommendations for improvement.

Nuevo León's internal auditors are generally separate from the management of entities they audit, and have independence to choose what they audit, while taking into

consideration the advice and priorities of the Comptroller-General. In preparing their audit work plan, internal auditors consider a number of factors, including which entities have a high number of "observations" in recent government reviews (e.g. those conducted by the state prosecutor's office). Their yearly audit work plan is submitted to the Comptroller-General every February. Interviews during the OECD fact-finding mission indicated that audits were generally undertaken by the internal auditors from the Office of the Comptroller. However, some of the audits for two large government entities are conducted by the entity's own internal control unit, which has internal control and audit responsibilities. Nuevo León could reconsider the responsibilities of these internal control units and whether their functions should include both control and audit, since this could compromise their independence.

Nuevo León produces an Annual Audit and Internal Control Programme, which combines internal control and audit activities. Although it is beneficial to have an annual audit work plan, it is better practice to keep audit activities separate from internal control activities.

Internal audit (the third line of defence) helps detect corruption, but its main purpose is to provide objective assurance that risk management and internal controls (the first and second lines of defence) are functioning properly. An effective internal audit function also ensures that internal control deficiencies are identified and communicated in a timely manner to those responsible. Internal audit is also a necessary ingredient for effective accountability and better management. It helps hold officials accountable for their actions and for reporting on performance and management gaps. Institutional responses to negative audit findings and integrity breaches may strongly influence the institutional culture, the tone at the top and the overall effectiveness of the internal control framework.

Typically, there is a clear separation between the internal audit function (the third line of defence) and the second line of defence, which consists of management oversight functions to ensure that first-line controls are properly designed, in place and operating as intended. When senior management considers that it is more efficient for internal audit to perform risk management, compliance or other second line of defence functions as well, it becomes difficult to clearly separate second and third lines of defence.

To avoid institutional conflicts of interest in such cases, public organisations must introduce appropriate safeguards to make sure that the internal audit function is not compromised. For instance, if the internal audit is involved in second line of defence activities, the task of providing assurance on these specific activities must be outsourced either externally or internally, to other departments. The internal audit function should not assume any managerial responsibilities for the matter subject to the audit. In such cases, the internal audit can facilitate and support the actors responsible, but should not take ownership.

Likewise, should internal auditors uncover irregularities that suggest corrupt or fraudulent activity, the case should be forwarded to qualified investigators, whose duties would be to assess whether such fraudulent or corrupt acts have taken place. Once again, to avoid any institutional conflicts of interest and reinforce the internal control framework, auditors should not be responsible for leading internal investigations. Nuevo León could strengthen the independence of its internal audit function by ensuring that it is separate from entity management functions, including implementing internal controls and risk management.

INTOSAI has published a number of documents, including *INTOSAI GOV 9100*: *Guidelines for Internal Control Standards for the Public Sector*, citing the importance of independence for internal and external auditors (see Box 6.6).

Box 6.6. INTOSAI's standards for ensuring independence of audit institutions

Ensuring audit institutions are free from undue influence is essential to ensure the objectiveness and legitimacy of their work, and principles of independence are therefore embodied in the most fundamental standards concerning public sector audit. The International Organization of Supreme Audit Institutions (INTOSAI), for example, has two fundamental declarations citing the importance of independence. Specifically, the *Lima Declaration of Guidelines on Auditing Precepts and the Mexico Declaration* on Supreme Audit Institution (SAI) Independence draw attention to the importance of organisational, functional and administrative dimensions of independence.

- **Organisational independence** is closely related with the SAI leadership, i.e. the SAI head or members of collegial institutions, including security of tenure and legal immunity in the normal discharge of their duties.
- **Functional independence** requires that SAIs have a sufficiently broad mandate and full discretion in the discharge of their assignments, including sufficient access to information and powers of investigation. Functional independence also requires that SAIs have the freedom to plan audit work, to decide on the content and timing of audit reports and to publish and disseminate them.
- **Administrative independence** requires that SAIs be provided appropriate human, material and financial resources as well as the autonomy to use these resources as they see fit.

Independence is equally important for internal audit institutions. INTOSAI GOV 9100 – *Guidelines for Internal Control Standards for the Public Sector* and INTOSAI GOV 9120 – *Internal Control: Providing a Foundation for Accountability in Government* both cite the importance of the independence of internal auditors from an organisation's management: "For an internal audit function to be effective, it is essential that the internal audit staff be independent from management, work in an unbiased, correct and honest way and that they report directly to the highest level of authority within the organisation. This allows the internal auditors to present unbiased opinions on their assessments of internal control and objectively present proposals aimed at correcting the revealed shortcomings."

More specific guidelines on independence are provided in *INTOSAI GOV 9140 – Internal Audit Independence in the Public Sector*, which adopts principles from International Standards of Supreme Audit Institutions (ISSAI) 1610 (*Using the Work of Internal Auditors*) in defining independence. Criteria in both documents include whether the internal audit institution is established by legislation; reports directly to top management; has segregated responsibilities from management; has clear and formally defined responsibilities; has adequate freedom in developing audit plans; and is involved in the recruitment of its own audit staff.

Sources: (INTOSAI, 1977[13]; 2001[14]; 2007[15]; 2010[2]; 2010[16]).

Proposals for action

Nuevo León has launched its own anti-corruption system and has a number of elements of an internal control and risk management in place. However, more could be done to build capacity in the internal control and risk management environment. Specific proposals for action that Nuevo León could consider are outlined below.

A control environment with clear objectives

- Nuevo León should ensure that its control environment and organisational structure support its internal control and risk management framework.
- Nuevo León could ensure that all staff receive training on the internal control and risk management framework, to promote consistent implementation.
- Nuevo León could apply the principles of the "three lines of defence" model to give greater responsibility for internal control and risk management to operational management.

A strategic approach to risk management

- Nuevo León could implement a strategic risk management framework to strengthen the internal control framework and improve management of the risk of fraud and corruption.
- Nuevo León could operationalise the risk management framework by assigning clear responsibility for the management of risk to senior managers, providing training for staff and updating risk management systems and tools.

Coherent control mechanisms

- Nuevo León could strengthen and integrate its internal control activities to ensure that reasonable assurance is provided.
- Nuevo León could ensure that each internal control serves a purpose and that the overall system is monitored, ethical and efficient.
- Nuevo León could consider making better use of its internal control reporting function for identifying issues and risks and reporting on them to management.

An effective and separate internal audit function

- Nuevo León could consider investing in training, tools and methodologies for internal audit staff to improve the quality and efficiency of audits.
- Nuevo León could ensure that its central co-ordination of internal audit leverages available resources to enhance oversight and enable a cohesive response to integrity risks.
- Nuevo León could build on its internal control training programme to provide further training on ethics and integrity for internal auditors.
- Nuevo León could strengthen mechanisms for monitoring the implementation of audit recommendations.
- Nuevo León could strengthen the independence of its internal audit function by ensuring it is separate from entity management functions, including the implementation of internal controls and risk management.

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Chapter 7. Plan of Action to implement the Recommendations of the OECD Integrity Review of Nuevo León

This chapter presents an action plan for the implementation of the OECD recommendations in the areas covered by the Integrity Review of Nuevo León, namely: institutional arrangements, a strategic approach to public integrity, a culture of integrity, an open organisational culture, a whole-of-society approach to integrity, internal control and risk management. This chapter provides a list of the main activities, actions and steps to be taken for the implementation of each recommendation in the Review, and suggests which government entities are best suited to carrying them out.

CHAPTER 1

Building an inclusive integrity system in Nuevo León

1. Proposal for action: The governing bodies of Nuevo León's Local Anti-corruption System should ensure the involvement and contribution of all institutions dealing with central government co-ordination and integrity-related topics in the executive branch.

Actionable items	Entity responsible	Timeline
Invite entities in the executive branch whose responsibilities include integrity to participate in the relevant meetings of the Co-ordination Committee, following the procedure set out in Article 13 of Nuevo León's Anti-corruption System Law (*Ley de la Sistema Estatal Anticorrupción para el Estado de Nuevo León*, or SEANL).	SEANL Co-ordination Committee and its support bodies (Executive Secretariat and Executive Commission)	Short term
Establish formal mechanisms in the SEANL to involve entities in the executive branch, with integrity-related responsibilities in the work of the SEANL Co-ordination Committee.	SEANL Co-ordination Committee and its support bodies (Executive Secretariat and Executive Commission)	Medium term
Introduce a mechanism to involve the Executive Agency for the Co-ordination of the State's Public Administration when addressing issues related to policy and implementation co-ordination, as well as monitoring and evaluation mechanisms, in the SEANL's Executive Secretariat.	SEANL Co-ordination Committee and its support bodies (Executive Secretariat and Executive Commission)	Medium term

2. Proposal for action: The Executive Secretariat of the SEANL could create two consultative sub-commissions

Actionable items	Entity responsible	Timeline
Create two sub-commissions in the Executive Secretariat of the SEANL – one on prevention issues, one on enforcement issues – to consult relevant institutions on drafts and proposals before submitting them to the Co-ordination Committee.	SEANL Executive Secretariat	Medium term

3. Proposal for action: Members of the SEANL could nominate a contact point or unit to liaise with governing bodies and mainstream integrity policies in the whole of government.

Actionable items	Entity responsible	Timeline
Nominate in each SEANL member institution a person or unit in charge of co-ordinating with the SEANL governing bodies and other members, and ensure continuous support and active participation of each institution in any activity or initiative related to the SEANL.	All members of the SEANL	Short term
Create a network of contact points (or units) among SEANL's members to support the high-level objectives set by the Co-ordination Committee.	SEANL Co-ordination Committee and its support bodies (Executive Secretariat and Executive Commission)	Short term
Nominate contact points/units in other institutions collaborating with the SEANL to ensure co-ordination, follow up and implementation of SEANL-related initiatives.	Non-members institutions collaborating with the SEANL	Short term

4. Proposal for action: The Government of Nuevo León should promote co-ordination with municipalities and support them in actively participating in the SEANL.

Actionable items	Entity responsible	Timeline
Create a mechanism to formally involve municipalities in activities of both the SEANL's Co-ordination Committee and its Executive Secretariat and in the discussion of proposals related to the drafting and implementation of integrity policies and co-ordination mechanisms with and among municipalities. In this context, consider having municipalities represented by three representatives of similar size, structure and needs, rotating every year.	SEANL Co-ordination Committee and its support bodies (Executive Secretariat and Executive Commission)	Medium term
Design a mechanism in the SEANL to assess the effectiveness and impact of co-ordination agreements with municipalities periodically.	SEANL Co-ordination Committee and its support bodies (Executive Secretariat and Executive Commission)	Medium term

Setting a coherent institutional framework to implement and mainstream integrity policies

5. Proposal for action: The Government of Nuevo León could create a new unit in the Office of the Comptroller responsible for conflict of interest and ethics policies of the executive branch.

Actionable items	Entity responsible	Timeline
Create a unit within the Office of the Comptroller in charge of harmonising the public ethics and conflict of interest framework, to provide guidance and ensure a common understanding of the values, principles, and practices of public servants.	Office of the Comptroller and legislative branch	Medium term
Assign the unit the task of co-ordinating with all Integrity Contact Points (see below) in the public administration, monitor their work, provide tools and materials, and support them with *ad hoc* guidance, and provide up-to-date training focusing on integrity management.	Office of the Comptroller	Medium term
Give the unit an appropriate budget and human resources capacity, working on a full-time basis.	Office of the Comptroller	Medium term

6. Proposal for action: The Government of Nuevo León could establish Integrity Contact Points to mainstream integrity policies and practices in government entities.

Actionable items	Entity responsible	Timeline
Designate the current Ethics liaisons in the ministries (*enlances de ética*), trained as "Agents of Change", to act as Integrity Contact Points.	Office of the Comptroller	Short term
Give the Integrity Contact Points autonomous mandate, reporting directly to the head of the public entity that designated them as well as to the proposed Ethics Unit.	Office of the Comptroller	Medium term
Create a network of Integrity Contact Points to ensure consistency in implementing integrity policies, as well as to offer an opportunity for mutual learning.	Office of the Comptroller	Medium term

Demonstrating high-level commitment to enhance public integrity

7. Proposal for action: All institutions responsible for setting up the SEANL, especially the legislative branch and the SEANL's members, should display high-level commitment to the system and help support it with pending laws and regulation.

Actionable items	Entity responsible	Timeline
Adopt laws and regulations needed to complete the SEANL.	Legislative branch	Short term
Comply with the steps set out in the Transitory Articles of the SEANL Law to put the SEANL into effect.	Legislative branch and SEANL bodies	Short term
Ensure the appointment of the Citizen Participation Commission, and also of the Commission selecting its members. Make sure they abide by the highest standards of inclusiveness, openness and transparency by developing an *ad hoc* online portal to increase citizen awareness and participation.	Legislative branch	Short term
Publish the last asset declaration, as well as a declaration of potential conflicts of interest, of all candidates to the Citizen Participation Commission, and also to the Commission selecting its members.	Legislative branch	Short term
Publish an extensive evaluation of the selected members of the Citizen Participation Commission addressing the candidate's technical experience, profile and independence.	Legislative branch and Commission selecting the Citizen Participation Commission	Short term

8. Proposal for action Allocate adequate resources and tap into potential synergies by all the institutions represented by the SEANL's members.

Actionable items	Entity responsible	Timeline
Allocate adequate resources to the SEANL and its bodies to demonstrate a commitment to setting up an effective system to prevent and fight corruption.	Government of Nuevo León, legislative branch, and SEANL members	Short and medium term

9. Proposal for action: SEANL could introduce mechanisms could be introduced to ensure the accountability of its members for the implementation as well as for the awareness among public officials.

Actionable items	Entity responsible	Timeline
Develop an online visualisation tool to allow citizens and other entities to track the implementation of actions within the SEANL by ministries and entities, and to incentivise high-level commitment to the system.	SEANL Co-ordination Committee and its support bodies (Executive Secretariat and Executive Commission)	Medium term
Create a mechanism to hold senior managers accountable for implementing integrity policies at the organisational level as well as displaying exemplary behaviour, for instance by complying promptly with the obligations related to conflict of interest and asset disclosure declarations.	SEANL Co-ordination Committee and its support bodies (Executive Secretariat and Executive Commission)	Medium term

CHAPTER 2

Reinforcing the strategy to prevent corruption

10. Proposal for action: The work of the Nuevo León Strategic Planning Council (Nuevo León Council) to define an integrity and anti-corruption strategy could be enhanced by setting clear objectives and formulating new indicators.

Actionable items	Entity responsible	Timeline
Support the goals of the State Development Plan related to "Effective and Transparent Government" with a set of objectives that define the implications of a goal in a specific context. These objectives should phrase one aspect of a goal positively and unambiguously in one sentence, providing the "who, when, what and where of a goal".	Nuevo León Council	Medium term
Define the goals, objectives and indicators of the State Development Plan not only at the outcome level (indirect results of a strategy or policy) but also at the output (direct results in the sphere immediately affected by the strategy or policy) and intermediate outcome levels (result from the policy at the first step of corollary inference).	Nuevo León Council	Medium term

11. Proposal for action: The SEANL should establish close collaboration with the National Anti-corruption System and the Nuevo León Council, to ensure coherence of the integrity policies with the other relevant strategies on integrity.

Actionable items	Entity responsible	Timeline
Involve members of Nuevo León Council's Effective and Transparent Government Commission in the work of the SEANL Executive Secretariat when discussing issues related to strategy and policies, as well as their monitoring and evaluation. This exchange could take place in the consultative sub-commission dealing with prevention issues proposed in Chapter 1. and, when relevant, should also rely on the participation of the Executive Agency for the Co-ordination of the State's Public Administration.	SEANL Executive Secretariat and Nuevo León Council's Effective and Transparent Government Commission	Medium term

12. Proposal for action: The SEANL should define an action plan with clear roles and responsibilities among public entities to implement its policies.

Actionable items	Entity responsible	Timeline
Adopt an action plan showing the entities responsible and timelines for implementation. Follow up on the level of compliance and reporting on the level of implementation in line with the responsibilities assigned under the SEANL Law (Article 9 (VI) and (VIII)).	SEANL Co-ordination Committee and its support bodies (Executive Secretariat and Executive Commission)	Short term
Adopt integrity action plans at the ministry level, starting with those considered most at risk of corruption, and ensure they are aligned with the SEANL general action plan. They could also be integrated into the entity's Annual Operational Programmes or Budgetary Programmes.	Line ministries	Medium term
Provide guidance in drafting ministry-level action plans.	SEANL Co-ordination Committee and its support bodies (Executive Secretariat and Executive Commission)	Medium term

Operationalising monitoring and evaluation

13. Proposal for action: In formulating the methodology for monitoring Nuevo León's integrity policies, the SEANL should carefully define goals, objectives, and indicators.

Actionable items	Entity responsible	Timeline
Test the SEANL monitoring methodology for the ongoing training/awareness-raising programme on integrity. This could include co-ordinating studies or surveys to measure the level of awareness of public officials on integrity to measure change and identify challenges.	SEANL Co-ordination Committee and support bodies (Executive Secretariat and Executive Commission), Office of the Comptroller	Medium term

14. Proposal for action: The SEANL should align the design of the integrity policies with the strategic outline for measuring them.

Actionable items	Entity responsible	Timeline
In designing the methodology to monitor integrity policies in the SEANL, establish communication and receive input from those in charge of designing and implementing integrity policies, in particular the various directorates in the Office of the Comptroller. This could take place in the consultative sub-commission dealing with prevention issues proposed in Chapter 1.	SEANL Co-ordination Committee and support bodies (Executive Secretariat and Executive Commission), Office of the Comptroller	Medium term
Leverage the data-collection work of the Anti-corruption Unit related to the progress of the Anti-corruption Plan (*Plan Anticorrupción*) in the SEANL's design of the monitoring system.	SEANL Co-ordination Committee and its support bodies (Executive Secretariat and Executive Commission), Office of the Comptroller.	Medium term

15. Proposal for action: The Nuevo León Council could be charged with evaluating the SEANL's integrity policies and proposing recommendations for consideration by the SEANL's Co-ordination Committee.

Actionable items	Entity responsible	Timeline
Assign the Nuevo León Council the role of evaluating the SEANL's integrity policies.	Legislative branch	Medium term
Evaluate SEANL's integrity policies based on a set of indicators, and draft recommendations to the SEANL.	Nuevo León Council	Medium term
Consider and discuss the recommendations of the Nuevo León Council in the SEANL after the evaluation of the integrity policies.	SEANL Co-ordination Committee and its support bodies (Executive Secretariat and Executive Commission)	Medium term

CHAPTER 3

Reinforcing the normative framework for public ethics and conflicts of interest in Nuevo León

16. Proposal for action: The SEANL Co-ordination Committee should review the Ethics Code, allowing for wide stakeholder participation, with the aim of adopting a single coherent regulation.

Actionable items	Entity responsible	Timeline
Creating a committee, with members from the Integrity Contact Points and/or Ethics Committees of Nuevo León's government entities, to conduct the review of the Ethics Code.	SEANL Co-ordination Committee	Medium term
Establish a timeline for revising the Ethics Code.	SEANL Executive Commission Office of the Comptroller Committee for the review of the Ethics Code	Medium term
Conduct a consultation in the government on the values expressed in the current Ethics Code, as well as the most common ethical dilemmas that public servants deal with, to determine whether the code embodies the values that represent Nuevo León's public administration.	SEANL Executive Commission Office of the Comptroller Committee for review of the Ethics Code	Medium term
Conduct a public consultation with the stakeholders of the Government of the State of Nuevo León to assess their perception of the public service, and whether the values of the Ethics Code are being met.	SEANL Citizen Participation Committee Committee for the review of the Ethics Code	Medium term
Develop a new draft of the Ethics Code, with consultation input and information from the Integrity Contact Points and/or Ethics Committees. This might include: • core ethical values in line with the public sector values detailed in the normative framework; • standards to solve ethical dilemmas and conflicts of interest situations; • a brief and explanatory definition of conflict of interest that distinguishes between real, apparent and potential conflicts of interest.	SEANL Co-ordination Committee Office of the Comptroller Committee for the review of the Ethics Code	Medium term
Submit the new draft of the Ethics Code for comments to all Integrity Contact Points and Ethics Committees of the Government of the State of Nuevo León.	SEANL Co-ordination Committee Office of the Comptroller (Anti-Corruption Unit)	Medium term
Issuing the new Ethics Code.	Office of the Governor of the State of Nuevo León Executive Agency for the Co-ordination of the State's Public Administration	Medium term
Developing an awareness campaign to disseminate the new Ethics Code widely.	Office of the Comptroller (Anti-corruption Unit) Executive Agency for Co-ordination of the State's Public Administration	Medium term

17. Proposal for action: Develop ethical reasoning skills of public officials to resolve ethical dilemmas and conflicts of interest by mainstreaming public integrity measures in human resources management.

Actionable items	Entity responsible	Timeline
Develop an *Ethical Dilemmas and Conflict of Interest Guide*, with practical case studies.	SEANL Co-ordination Committee Office of the Comptroller	Short term
Publish online and distribute to Nuevo León's Integrity Contact Points and/or the Ethics Committees, the *Ethical Dilemmas and Conflict of Interest Guide: Practical Case Studies*.	Office of the Comptroller (Anti-corruption Unit) Executive Agency for the Co-ordination of the State's Public Administration	Short term
Offer training sessions for public servants in positions at high risk of corruption, using the *Ethical Dilemmas and Conflict of Interest Guide*.	Office of the Comptroller (Anti-corruption Unit) Executive Agency for the Co-ordination of the State's Public Administration	Short term
Grant the Integrity Contact Points and/or Ethics Committees the legal authority to receive requests for advice about public servants' ethical dilemmas and conflicts of interest situations, allowing for confidentiality or anonymity for the official.	Office of the Comptroller Executive Agency for the Co-ordination of the State's Public Administration	Medium term
Train the Integrity Contact Points and/or Ethics Committees on the *Ethical Dilemmas and Conflict of Interest Guide* so they can respond adequately to requests from public servants.	Office of the Comptroller	Medium term

18. Proposal for action: Link the values and principles contained in the reviewed Ethics Code with appropriate sanctions.

Actionable items	Entity responsible	Timeline
Carry out a review of the sanctions scheme in force in the legal framework.	SEANL Co-ordination Committee Office of the Comptroller (Anti-corruption Unit)	Medium term
Verify that the breaches to the ethics values and rules of integrity are sanctioned in the reviewed Code of Ethics.	SEANL Co-ordination Committee Office of the Comptroller (Anti-corruption Unit and Legal Directorate)	Medium term
Include in the legal framework new measures on the disciplinary measures for breaches of values and/or integrity rules for which there are no penalties.	SEANL Co-ordination Committee Office of the Comptroller (Anti-corruption Unit and Legal Directorate)	Medium term

19. Proposal for action: Conduct surveys among public servants to ensure the implementation of the integrity framework and to identify what kind of scenarios and ethical dilemmas recur.

Actionable items	Entity responsible	Timeline
Review the integrity surveys being conducted to see whether the information collected is sufficient to measure the success of the integrity policies.	SEANL Executive Secretariat Office of the Comptroller	Short term
Design and conduct integrity surveys, as necessary, to ensure that the integrity framework is properly implemented.	SEANL Executive Secretariat Office of the Comptroller	Short and Medium term
Design an Integrity Survey Programme to measure the perception and performance of Nuevo León's integrity policies. The programme should: 1. List the surveys that will be part of it and how often they are conducted (biannual, annual or one-off). 2. Define the topics, ethics values, integrity rules or integrity policies that could be addressed by each survey. 3. Determine the institutional responsibility of the bodies in charge. 4. Develop integrity indicators to measure the perception and performance of integrity policies. 5. Be systematic, with robust methodology.	SEANL Executive Secretariat Office of the Comptroller	Medium term

20. Proposal for action: Identify areas of highest risk in the Government of the State of Nuevo León.

Actionable items	Entity responsible	Timeline
Develop a methodology to support government agencies in the identification of the areas and positions with the highest risk of corruption. In this context consider, for example, the Public-Sector Risk Self-Assessment Guide *(Guía de Autoevaluación de Riesgos en el Sector Público*[1]*)* of Mexico's Superior Audit Institution (ASF).	SEANL Executive Secretariat Office of the Comptroller	Short and medium term
Formulate a risk-based guidance manual on ethics and conflicts of interest for officials participating in high-risk activities, such as public procurement.	Office of the Comptroller	Medium term

1 https://www.asf.gob.mx/uploads/177_Guias_Tecnicas/Guia_de_Autoev_de_Riesgos_en_el_Sec_Pub.pdf

21. Proposal for action: Encouraging each ministry to develop organisational codes, bearing in mind the specific context, kinds of work and the typical ethical dilemmas and specific conflicts of interest situations they tend to face.

Actionable items	Entity responsible	Timeline
Develop organisational codes by ministry with the following input: From the organisation: • mandate of the organisation • legal powers of the organisation • areas with the highest risk of corruption From the Integrity System itself: • Legal framework of the integrity policies • Review Ethics Code • Ethical Dilemmas and Conflict of Interest Guide • Integrity Surveys • Risk-based guidance manual on ethics and conflict of interest for officials participating in activities at high risk for corruption.	Office of the Comptroller Ministries and government entities	Short and medium term

22. Proposal for action: Creating a mechanism for publicly disclosing the disciplinary regime, to lend credibility to the whole integrity system, facilitate continuous learning by public officials and prevent corrupt behaviour or breaches of integrity.

Actionable items	Entity responsible	Timeline
Developing a website with the sanctions imposed to public servants and companies regarding acts of corruption and breaches of integrity. The website should follow an open data format. The cases of sanctions should only be disclosed when the legal process is completed.	SEANL Co-ordination Committee SEANL Executive Secretariat	Medium term
Include in the website a brief explanation and legal arguments concerning the sanctions imposed, without reference to individuals.	SEANL Co-ordination Committee SEANL Executive Secretariat	Medium term
Include in the *Ethical Dilemmas and Conflict of Interest Guide* real cases in which sanctions were imposed.	SEANL Executive Secretariat Office of the Comptroller	Medium term
Include in the annual activity reports of the Office of the Comptroller statistics of investigations on acts of corruption and integrity breaches, as well as the results of the investigation processes, such as sanctions imposed and cases where the allegations did not proceed.	Office of the Comptroller (Anti-corruption Unit)	Short term

23. Proposal for action: Analyse trends in the number of administrative sanctions imposed and criminal prosecutions launched, to identify any challenges and problems in implementing the integrity policy.

Actionable items	Entity responsible	Timeline
Launch an annual report by the SEANL listing acts of corruption and integrity breaches. The annual report could consist of a series of statistics on the performance of the anti-corruption system, regarding administrative registers of sanctions imposed and criminal prosecutions launched for acts of corruption and breaches of integrity. This would include an analysis of the trends in the number of administrative sanctions imposed and criminal prosecutions launched, as well as the kind of misbehaviour that tends to recur, to identify challenges and problems in implementing integrity policy and to adapt it, as necessary.	SEANL Co-ordination Committee SEANL Executive Secretariat	Short and medium term

Ensuring the appropriate use of tax, assets and interests declarations as mechanisms to reinforce the effective implementation of integrity policies by:

24. Proposal for action: Create a comprehensive, dynamic, updated and harmonised information management system for public servants' declarations (tax, assets and interests declarations).

Actionable items	Entity responsible	Timeline
Develop a "unique system of declarations" including information on tax, asset and interest declarations of public servants of the agencies covered by the local anti-corruption system.	SEANL Co-ordination Committee SEANL Executive Secretariat Office of the Comptroller	Medium term
Establish the rules of the system, making sure they are comprehensive, dynamic, updated and harmonised.	SEANL Co-ordination Committee SEANL Executive Secretariat Office of the Comptroller	Medium term
Design a "unique system of declarations" as an IT programme that allows for automatic validation of submitted declarations, linking with other databases (i.e. property, tax registries, etc.) and automatic notification of red flags indicating errors and missing information, and changes in assets, income and personal situation.	Office of the Comptroller	Medium term

25. Proposal for action: Reduce the scope of the obligation to submit asset declarations, based on a risk-based approach, making sure that those in positions most at risk comply on time with this obligation.

Actionable items	Entity responsible	Timeline
Prepare a proposal to eliminate the obligation to present the asset declaration for positions or hierarchical levels with less risk of illicit enrichment and conflicts of interest, providing the analysis and justifications required. The proposal must be based on evidence (for instance, on statistics of sanctions imposed for corrupt acts and breaches of integrity in the last 10 years) and follow a risk-based approach.	SEANL Executive Secretariat Office of the Comptroller (Anti-corruption Unit)	Short term
Modify the legal framework to reduce the scope of the obligation to declare assets.	Office of the Comptroller General Secretary of the Government	Medium term
Conduct an *ex post* evaluation of the reduction of the scope of the obligation to submit an asset declaration, to measure its effectiveness.	SEANL Executive Secretariat Office of the Comptroller	Long term

26. Proposal for action: Make available and grant access to information submitted by senior officials in their asset declarations, in accordance with access to information regulations.

Actionable items	Entity responsible	Timeline
Analyse international best practices on the disclosure of asset declarations submitted by senior officials.	SEANL Executive Secretariat Office of the Comptroller (Anti-corruption Unit)	Short term
Prepare a proposal to identify the grade(s) of disclosure of the asset declarations and the senior officials subject to these disclosure requirements.	SEANL Executive Secretariat Office of the Comptroller (Anti-corruption Unit)	Medium term
Modify the legal framework to make available and grant access to the information submitted by senior officials in their asset declarations.	Office of the Comptroller General Secretary of the Government	Medium term

27. Proposal for action: The management of assets declarations and the two additional declarations should be the responsibility of the proposed Ethics Unit. This would require that the Organic Law of the Public Administration be amended to reassign this task from the Legal Directorate to the new unit.

Actionable items	Entity responsible	Timeline
Amending the Organic Law of the Public Administration to transfer the responsibility of management of the tax, asset and interest declarations from the Legal Directorate to the Ethics unit.	Office of the Comptroller General Secretary of the Government	Medium term

28. Proposal for action: In the medium term, additional staff should be assigned to the Ethics Unit to manage the integrity framework, monitor public officials' wealth and identify irregularities in the acquisition or divestment of assets or existing conflicts of interest.

Actionable items	Entity responsible	Timeline
Once created, the Ethics Unit could conduct a special staff selection process to ensure the highest standards of integrity of its personnel and discarding any real, apparent or potential conflict of interest.	Office of the Comptroller	Medium term
Training of Ethics Unit staff regarding its tasks of monitoring of public officials' wealth and detecting irregularities in the acquisition or divestment of assets or conflicts of interest issues.	Office of the Comptroller	Medium term

29. Proposal for action: Redesign the communication strategy for integrity policies, particularly in relation to the obligations on tax, asset and interest declarations, to ensure that officials are aware of their obligations and understand that asset and interest declarations are tools to prevent and properly manage conflicts of interest situations when they arise.

Actionable items	Entity responsible	Timeline
Prepare an evaluation of the previous communication strategy of integrity policies, relating it to the obligations on tax, asset and interest declarations, to identify best practices and areas for improvement.	Office of the Comptroller	Short term
Define the target audience of the communication strategy, as well as the key messages and the best channels.	Office of the Comptroller	Medium term
Redesign and carry out the communication strategy.	Office of the Comptroller	Medium term
Evaluate the effectiveness of the new communication strategy.	Office of the Comptroller	Medium term

30. Proposal for action: Designing a verification and audit strategy with different checks on asset and interest declarations.

Actionable items	Entity responsible	Timeline
Design a risk-based verification and audit strategy to analyse the information of the declarations from the "unique system of declarations" proposed earlier. Managing integrity information and monitoring public officials' wealth should aim to detect irregularities in the acquisition or divestment of assets and resolve current, apparent and potential conflicts of interest.	SEANL Executive Secretariat Office of the Comptroller (Anti-corruption Unit, Ethics Unit – to be created)	Medium term

31. Proposal for action: Adopt a risk-based strategy with the support of the Ministry for Public Administration, to identify high-risk issues, such as gifts and post-public employment

Actionable items	Entity responsible	Timeline
Send for comments to Ministry of Public Administration *(Secretaría de la Función Pública*, or SFP) the draft methodology for identifying the areas and positions at the highest risk of corruption, as well as on the risk-based guidance manual on ethics and conflict of interest for officials participating in high-risk activities.	Office of the Comptroller SFP	Medium term

Adopting awareness-raising initiatives in Nuevo León for a culture of integrity in the public administration, to promote a change in behaviour

32. Proposal for action: Evaluate Nuevo León's current raising awareness strategy on integrity, to identify weaknesses and opportunities in its three stages.

Actionable items	Entity responsible	Timeline
Develop indicators and control measures to evaluate Nuevo León's awareness-raising strategy on integrity	Office of the Comptroller Executive Agency for Co-ordination of the State's Public Administration	Short term
Collecting data and information.	Office of the Comptroller (Anti-corruption Unit) Executive Agency for Co-ordination of the State's Public Administration	Short term
Draft a document with the evaluation of the awareness-raising strategy on integrity, comprising its three phases. Include the indicators selected and status of the control measures, and analyse failures, successful measures and key future recommendations.	Office of the Comptroller (Anti-corruption Unit) Executive Agency for Co-ordination of the State's Public Administration	Short and medium term

33. Proposal for action: Redesign Nuevo León's awareness-raising strategy on integrity with the information obtained in the evaluation.

Actionable items	Entity responsible	Timeline
Redesign the awareness-raising strategy on integrity, taking into account the evaluation document suggested previously	Office of the Comptroller (Anti-corruption Unit) Executive Agency for Co-ordination of the State's Public Administration	Medium term
In each activity proposed in the strategy, consider including the specific nature of the individual public organisations (missions, objectives, strategic plans, etc.) and the risks associated with their activities;	Office of the Comptroller (Anti-corruption Unit) Executive Agency for Co-ordination of the State's Public Administration	Medium term
Develop exercises drawing on behavioural science to use its insights to enhance the second and third stages of the strategy.	Office of the Comptroller (Anti-corruption Unit) Executive Agency for the Co-ordination of the State's Public Administration	Medium term
Design ethics training for target groups of officials.	Office of the Comptroller (Anti-corruption Unit) Executive Agency for Co-ordination of the State's Public Administration	Medium term
Prepare real-world scenarios of conflicts of interest situations and ethical dilemmas, where public officials can openly and freely discuss them. Select some of them to be included in the *Ethical Dilemmas and Conflict of Interest Guide: Practical Case Studies* and use them in ethics training.	Office of the Comptroller (Anti-corruption Unit) Executive Agency for Co-ordination of the State's Public Administration	Medium term
Develop awareness-raising campaigns for municipalities.	Office of the Comptroller (Anti-corruption Unit and the Ethics Unit -to be created) General Secretary of the Government Executive Agency for Development Coordination and Municipal Reinforcement	
Co-ordinate a communication strategy for all public sector stakeholders, citizens and the private sector, taking into account perception surveys on government issues developed by INEGI, as well as other surveys elaborated at the local level.	Office of the Comptroller (Anti-corruption Unit) Executive Agency for the Co-ordination of the State's Public Administration	Medium term

34. Proposal for action: Include ethical or moral reminders to reduce corrupt behaviour in the work environment, especially when public officials are part of a decision-making process.

Actionable items	Entity responsible	Timeline
Identify the decision-making moments of public servants that may entail a high risk of corruption or breaches of integrity.	Office of the Comptroller	Short term
Design ethical or moral reminders to be incorporated into the key decision-making processes of the public servants whose posts entail a high risk of corruption or breaches of integrity.	Office of the Comptroller	Medium term
Pilot ethical or moral reminders as projects based on insights from the behavioural sciences.	Office of the Comptroller	Medium term
Evaluate the effectiveness of the ethical or moral reminders.	Office of the Comptroller	Medium term

35. Proposal for action: Develop a set of indicators to monitor the awareness-raising initiatives, adapting them to new challenges and redefining the objectives where necessary.

Actionable items	Entity responsible	Timeline
Develop a set of indicators to monitor awareness-raising initiatives systematically, taking into account control measures developed to assess the awareness-raising strategy on integrity in effect since 2017. The indicators could consider the following measurements: • impact on the organisational culture • degree of progress in implementation of the initiatives • changes in the number of administrative sanctions imposed and criminal prosecutions launched	Office of the Comptroller Executive Agency for Co-ordination of the State's Public Administration	Short term
Disseminate among human resources areas, as well as internal control and audit units of public institutions, a set of indicators developed to help keep the indicators up to date.	Office of the Comptroller (Anti-corruption Unit)	Short and medium term
Develop a mechanism among public institutions for updating indicators related to the awareness- raising initiatives.	Office of the Comptroller	Medium term

36. Proposal for action: Make sure that awareness-raising campaigns reach all public organisations and municipalities, with the participation and co-ordination of the proposed Ethics Unit, the integrity contact points, the Ministry of Public Administration (SFP) and the Executive Agency for the Co-ordination of the State's Public Administration.

Actionable items	Entity responsible	Timeline
Assess the degree of knowledge of ethical and conflicts of interest issues of municipal public servants.	Office of the Comptroller (Ethics Unit – to be created) Municipalities	Short term
Analyse the statistics of acts of corruption and breaches of integrity among municipal public servants.	Office of the Comptroller (Ethics Unit – to be created) Municipalities	Short term
Develop a programme of capacity building on integrity issues for municipal public servants.	Office of the Comptroller (Ethics Unit – to be created) Municipalities	Short and medium term
Offer technical support to municipalities to develop their own awareness-raising campaigns about integrity.	Office of the Comptroller (Ethics Unit – to be created) Municipalities	Short and medium term

37. Proposal for action: Organise and test projects based on insights from the behavioural sciences, to observe integrity dynamics in selected entities. The aim should be to better understand how the group reacts to undesirable ethical behaviour and to highlight ethical success stories.

Actionable items	Entity responsible	Timeline
Establish collaboration agreements with local universities interested in studying behavioural sciences.	SEANL Executive Commission Office of the Comptroller Local Universities	Short term
With the participating universities, develop a set of behavioural science projects in accordance with the indicators and areas of interest of the local anti-corruption system.	SEANL Executive Commission Office of the Comptroller Local Universities	Medium and long term

Building capacity to promote integrity in public sector entities and organisations:

38. Proposal for action: Propose the adoption of a new, coherent and integrated Public Service Law in Nuevo León.

Actionable items	Entity responsible	Timeline
Create a new draft of the Public Service Law in Nuevo León based on the updated policies set out in the Statute to professionalise the public service, recruitment policies based on the analysis of the integrity risks related to the position, ethical skills and on pre- and post-employment rules. The goal is to ensure that those who are hired are loyal to the organisation and respect public interests.	Office of the Comptroller General Secretary of the Government Ministry of Public Administration (SFP)	Short term
Hold public consultation sessions on the draft, leaving enough time for interested stakeholders to submit comments.	General Secretary of the Government Executive Agency for Co-ordination of the State's Public Administration	Short and medium term
Respond to the comments received and incorporate the corresponding changes into the draft of the law.	General Secretary of the Government Executive Agency for Co-ordination of the State's Public Administration	Short and medium term
Send the Public Service Law Initiative to the Local Congress.	General Secretary of the Government	Medium term

39. Proposal for action: Introduce additional integrity filters in recruitment policies and procedures, including an ethics component in the assessment of candidates, linking competencies with the strategic priorities of public sector organisations and with ethical behaviour.

Actionable items	Entity responsible	Timeline
Design assessment tools, such as integrity filters, and include them in recruitment procedures. Some assessment tools that could be considered are: checking references, analysing criminal records, conducting interactive hiring interviews that test adherence to ethical principles and values, among other things.	Office of the Comptroller Ministry of Public Administration (SFP)	Short and medium term
Design differentiated integrity measures for recruiting senior officials and middle managers.	Office of the Comptroller Ministry of Public Administration (SFP)	Short and medium term

40. Proposal for action: Conduct training for senior officials and middle managers on risk management, to give them the tools to identify potential risks of corruption or integrity breaches in their work environment and organisations.

Actionable items	Entity responsible	Timeline
Design and carry out capacity-building training for senior officials and middle managers on risk management, taking into account the following documents: • *Ethical Dilemmas and Conflict of Interest Guide: Practical Case Studies* • risk-based guidance manual on ethics and conflict of interest for officials participating in high risk activities • "Annual report of acts of corruption and breaches of integrity" by the SEANL.	Office of the Comptroller Ministry of Public Administration (SFP)	Short term

41. Proposal for action: Develop a performance evaluation programme for middle-management and senior officials, by establishing objective ethics indicators. This programme should also link the assessment to a government entity's mission and organisational objectives, to assess whether conflicts of interest and ethical dilemmas are properly managed.

Actionable items	Entity responsible	Timeline
Review the current performance evaluation for middle and senior officials.	Office of the Comptroller Ministry of Public Administration	Short and medium term
Selecting and prioritising the objectives and ethics indicators to be included in the performance evaluation	Office of the Comptroller Ministry of Public Administration	Short and medium term
Develop a performance evaluation for middle and senior officials with an ethics component.	Office of the Comptroller Ministry of Public Administration	Short and medium term

CHAPTER 4

Creating an open organisational culture

42. Proposal for action: Nuevo León should define clear channels for public officials to ask advice and receive guidance when they are confronted with integrity-related doubts and dilemmas.

Actionable items	Entity responsible	Timeline
Introduce safe channels offering guidance to public officials on integrity-related issues, ensuring clear separation from the bodies in charge of enforcement.	Office of the Comptroller	Short term
Assign the role of providing guidance on integrity to the Integrity Contact Points, in line with the recommendation suggested in Chapter 1.	Office of the Comptroller	Medium term

43. Proposal for action: Senior officials in Nuevo León should be assigned specific responsibilities to demonstrate ethical leadership and commitment.

Actionable items	Entity responsible	Timeline
Monitor senior officials in fulfilling their responsibility to disseminate the whistle-blowing regulation (Article 7 of the Whistle-blowing Law) and in creating an open organisational culture.	Office of the Comptroller	Short term
Assign specific responsibilities to senior officials to ensure the protection of disclosures by whistle-blowers.	Legislative branch	Medium term
Develop a pilot programme with incentives and rewards for both junior and senior staff who qualify and successfully take part in mentorship programmes.	Office of the Comptroller	Medium term

44. Proposal for action: The contribution of senior management toward creating an open organisational culture should be considered in their performance evaluation.

Actionable items	Entity responsible	Timeline
Include the efforts to embed and promote an open organisational culture in drafting the performance management programme. This should define the expected profile and behaviour that can serve as the basis for selection, development and performance management of senior public officials.	Ministry of Public Administration, Office of the Comptroller	Medium term

Strengthening the whistle-blowing framework

45. Proposal for action: Nuevo León could ensure that the application of the whistle-blowing framework applies beyond the executive branch and that the definition of protected disclosure is clarified.

Actionable items	Entity responsible	Timeline
Ensure that public officials in all government branches and at all levels of government have whistle-blowing channels and protection available.	SEANL Co-ordination Committee and its support bodies (Executive Secretariat and Executive Commission)	Short and medium term
Revise the legal framework and adopt a more balanced approach to defining protected disclosures, by providing a definition that is clear, comprehensive and detailed.	Legislative branch	Medium term

Providing the right incentives to stimulate whistle-blowing activity

46. Proposal for action: Nuevo León should ensure the availability of internal and external channels to disclose episodes of corruption.

Actionable items	Entity responsible	Timeline
Introduce a tiered approach, where public sector whistle-blowers may first bring their disclosures to the attention of their employer, and use external reporting channels as a last resort. A senior officer could be assigned to accept internal disclosures. External reporting could be assigned to an independent institution held at the highest level of trust among citizens and public officials.	Legislative branch, Office of the Comptroller	Short and medium term

47. Proposal for action: The existing arrangements to ensure confidentiality and security of whistle-blowing information could be reinforced.

Actionable items	Entity responsible	Timeline
Extend the obligation to sign the confidentiality agreement applying to all public officials of the Anti-corruption Unit to anybody with access to information related to whistle-blowing, including those who receive complaints by telephone.	Office of the Comptroller	Short term
Provide anybody who has access to information related to whistle-blowing adequate training on how to ensure the highest standards of confidentiality.	Office of the Comptroller	Medium term
Reinforce security mechanisms to access whistle-blowing reports both on paper and online, in light of an information security risk assessment.	Office of the Comptroller	Medium term
Introduce a specific crime for public officials who breach confidentiality obligations of Article 12 of the Whistle-blowing Law.	Legislative branch	Medium term

48. Proposal for action: Current protection programmes and financial rewards provide valid incentives for whistle-blowers to report, but these could be complemented by labour protection and compensation schemes, and with non-monetary forms of compensation.

Actionable items	Entity responsible	Timeline
Extend the list of protection measures by spelling out the ones concerning labour conditions and making sure that providing reinstatement is one of them.	Office of the Comptroller and legislative branch	Short and medium term
Introduce mechanisms of compensation, taking into account lost wages and compensatory damages, moral damages and punitive damages.	Office of the Comptroller and legislative branch	Medium term
Assess whether the existing reward mechanism has proved to be effective or instead given rise to additional complaints creating unnecessary burdens and costs for the public administration. If it is effective, make sure that an annual budget is allocated to Assessment Committee. In case of disproportionate costs, consider alternative incentives to encourage disclosures, such as personal distinctions and honorific awards.	Office of the Comptroller, Secretary of Treasury and Finance	Medium term

Ensuring effective protection

49. Proposal for action: Nuevo León should ensure that retaliatory actions against whistle-blowers constitute a criminal offence.

Actionable items	Entity responsible	Timeline
Ensure comprehensive protection against retaliatory acts to which whistle-blowers could be subject, by introducing criminal and disciplinary sanctions in the Criminal Code or in the Whistle-blowing Law.	Legislative branch	Medium term

50. Proposal for action: Nuevo León could further define and clarify the process for seeking protection against acts of reprisal.

Actionable items	Entity responsible	Timeline
Clarify how public officials may submit, in practice, an allegation of reprisal, and under what conditions they may expect protection from the state. This could take the form of an Agreement (or *Acuerdo*).	Office of the Comptroller	Short term
Reverse the burden of proof in the process, in seeking protection against acts of reprisal, i.e. leaving the burden on the superior to prove that the action taken against whistle-blowers is not related to their disclosures.	Office of the Comptroller	Short term
Provide access to the protection against acts of reprisal, in case retaliatory action is threatened.	Office of the Comptroller, legislative branch	Medium term

51. Proposal for action: To ensure comprehensive management of whistle-blowing protection, the Anti-corruption Unit and Specialised Anti-corruption Unit of the General Attorney Office *(Subprocuraduría Especializada en Combate a la Corrupción)* should sign an agreement to institutionalise co-ordination processes and best practices.

Actionable items	Entity responsible	Timeline
Sign an agreement with the Anti-corruption Unit and Specialised Anti-corruption Unit of the Attorney-General's Office to formalise the co-ordination mechanisms developed so far. This should allow the Anti-corruption Unit to be aware of the judicial follow-up of cases and, if necessary, to collaborate on the creation of the judicial file.	Office of the Comptroller, Specialised Anti-corruption Unit of the Attorney-General's Office	Short term
Develop further mechanisms to reinforce co-operation between the Anti-corruption Unit and Specialised Anti-corruption Unit of the General Attorney in the SEANL.	SEANL, Office of the Comptroller, Specialised Anti-corruption Unit of the Attorney-General's Office	Medium term

Increasing awareness and communication

52. Proposal for action: Nuevo León should scale up efforts to improve public awareness of whistle-blowing mechanisms.

Actionable items	Entity responsible	Timeline
Increase efforts to improve communication and raise awareness of relevant rights and duties in various ways, such as posting relevant information or introducing a Whistle-blower Protection Ombudsman in each entity.	Office of the Comptroller	Short and medium term
Organise explanatory meetings and symposiums for business operators, officials and employees, but also for schools and professionals, to disseminate knowledge and create awareness of the protection available to whistle-blowers.	Office of the Comptroller	Short and medium term

53. Proposal for action: Nuevo León could show further leadership in whistle-blowing protection by improving its existing data collection.

Actionable items	Entity responsible	Timeline
Ensure comprehensive data collection to create reliable indicators on the performance and impact of the whistle-blower framework and complement it with results of surveys directed at staff.	Office of the Comptroller	Short and medium term
Scale up efforts to disseminate the existing data collection of the Anti-corruption Unit in public entities as well as society as a whole.	Office of the Comptroller	Short and medium term

CHAPTER 5

Promoting a shared sense of responsibility for integrity in the whole-of-society

54. Proposal for action: Develop awareness-raising activities for citizens and firms on their roles and responsibilities for respecting public integrity.

Actionable items	Entity responsible(s)	Timeline
Develop an Action Plan for raising awareness that identifies the desired objectives (e.g. behaviour to change or perceptions to challenge), the core outputs (e.g. methods for achieving the objectives) and the target audiences.	Office of the Comptroller	Medium term
Identify relevant ministries in the action plan on awareness-raising activities and request the governor of Nuevo León to assign responsibilities for implementation to these ministries.	Office of the Comptroller	Medium term

55. Proposal for action: Develop integrity and anti-corruption training programmes for the business sector and civil society.

Actionable items	Entity responsible	Timeline
Identify the public sector organisations subject to a high level of acts of corruption reported by citizens, to inform the development of specific educational programmes about integrity.	Civil Society Liaison Co-ordinator Office of the Comptroller	Short term
Develop a training plan that identifies the types of integrity and anti-corruption training (in-person, e-learning) and the content of the training. Request that the governor of Nuevo León assign responsibilities for implementation to these ministries.	Office of the Comptroller	Medium term

56. Proposal for action: Identify areas where an effective intervention in the choice architecture may be feasible.

Actionable items	Entity responsible	Timeline
Identify areas where an effective intervention in the choice architecture may be feasible and request that the governor of Nuevo León to assign responsibilities to the relevant ministries for piloting and testing innovative measures in society, to help inform integrity decision making.	Office of the Comptroller	Short term
Conduct pilots for potential behavioural interventions.	Ministries determined by Office of the Comptroller	Medium term

Training future generations to behave with integrity and prevent corruption

57. Proposal for action: Draw up an action plan to scale up existing legality, public integrity and anti-corruption education materials and incorporate them in the core curriculum.

Actionable items	Entity responsible	Timeline
Develop an Action Plan to scale up existing legality, public integrity and anti-corruption education materials to incorporate into the existing core curriculum, *Programa Nacional de Convivencia Escola* (PNCE), the *Incorruptibles* Programme and the Transparency and Access to Information Programme.	Ministry of Public Education State Institute for Youth	Long term
In implementing the Action Plan, create a learning outcomes framework on public integrity, teaching and learning materials, and pilot these in selected schools.	Ministry of Public Education	Long term
Following results of the pilot, mainstream the learning outcomes framework and teaching/learning materials in the core curriculum.	Ministry of Public Education	Long term

58. Proposal for action: Design and deliver training about public integrity and anti-corruption for teachers.

Actionable items	Entity responsible	Timeline
Develop and pilot courses on integrity and anti-corruption training for teachers into existing in-service teacher-training programs.	Ministry of Public Education	Medium term
Encourage the development of an integrity and anti-corruption training course that would be included in the teacher-training curriculum at the federal level, by offering to pilot the courses in select universities and colleges at the state level.	Ministry of Public Education	Long term

CHAPTER 6

A control environment with clear objectives

59. Proposal for action: Nuevo León should ensure that its control environment and organisational structure support its internal control and risk management framework.

Actionable items	Entity responsible	Timeline
Ensure that a clear objective or purpose statement for the entity has been established.	All government entities	Short term
Ensure that government programmes have a clear objective or purpose statement.	All government entities	Medium Term
Ensure that the internal control and risk management framework is linked to the entity and programme objectives (with the framework helping to ensure that objectives are achieved).	All government entities	Medium Term
Incorporate the entity and programme objectives into institutional documents and ensure these are communicated to staff.	All government entities	Medium Term
Ensure that the objectives for the overall internal control and risk management framework are linked to the implementation of the State Anti-corruption System (SEANL).	Office of the Comptroller	Medium Term
Ensure that clear objectives for the internal control and risk management framework are set up.	Office of the Comptroller	Short term
Ensure that clear objectives for the internal control and risk management framework are communicated to government entities and their staff.	Office of the Comptroller	Medium term

60. Proposal for action: Nuevo León could arrange for all staff to receive training on the internal control and risk management framework, to ensure it is implemented consistently.

Actionable items	Entity responsible	Timeline
Create a communications strategy and engage with human resources units in the public service, to introduce updated procedures on internal control and risk management. This could involve, for example, information on the intranet, emails, staff meetings, workshops, training or awareness-raising posters in the workplace.	Office of the Comptroller	Medium to long term
Follow up approximately six months after rolling out changes, to assess how well changes have been implemented.	Office of the Comptroller	6 months, after changes
Ensure that staff are aware updated on procedures, for example, online, or through emails, staff meetings, workshops, training or awareness-raising posters in the workplace.	All government entities	Long term
Ensure that enforcement and disciplinary procedures for internal controls are clear, transparent and equally applied to everyone.	All government entities	Long term

61. Proposal for action: Nuevo León could apply the principles of the "three lines of defence" model, to give greater responsibility for internal control and risk management to operational management.

Actionable items	Entity responsible	Timeline
Review the principles of the "three lines of defence" model: "IIA position paper: The three lines of defence in effective risk management and control", https://na.theiia.org/standards-guidance/Public%20Documents/PP%20The%20Three%20Lines%20of%20Defense%20in%20Effective%20Risk%20Management%20and%20Control.pdf.	Office of the Comptroller	Short term
Assess responsibilities of the Office of the Comptroller to determine whether the lines of defence are blurred or overlapping. For example: is there an overlap between those implementing internal controls and those undertaking and reviewing internal audit reports? This would blur the lines of defence, because auditors should not be placed in a position where they need to audit internal controls that they have implemented, since this presents a conflict.	Office of the Comptroller	Medium term
Revise the organisational structure and responsibilities of the Office of the Comptroller, to remove potential conflicts and align it with the internationally recognised "three lines of defence" model.	Office of the Comptroller	Long term

A strategic approach to risk management

62. Proposal for action: Nuevo León could introduce a strategic risk management framework to strengthen the internal control framework and improve management of the risk of fraud and corruption.

Actionable items	Entity responsible	Timeline
Design a systematic risk management framework that includes: setting an organisation's objectives; identification of events that might have an impact on their achievement; determining events that may have a negative impact (risks); and determining fraud and corruption risks.	Office of the Comptroller (keep separate from the audit directorates)	Medium term
As part of the risk management framework, create clear guidelines and templates for conducting a risk assessment, which should include a three-step process: risk identification; risk analysis (understanding each risk, its consequences, the likelihood of the risk, and the severity of the risk); and risk evaluation (determining the tolerability of each risk and whether the risk should be accepted or treated).	Office of the Comptroller (keep separate from the audit directorates)	Medium term
Create a communication and training strategy for rolling out the risk management framework to staff across the public service.	Office of the Comptroller (keep separate from the audit directorates)	Long term
Provide public servants support in managing the risk management framework.	Office of the Comptroller (keep separate from the audit directorates)	Long term

63. Proposal for action: Nuevo León could operationalise the risk management framework by assigning clear responsibility for managing risk to senior managers, providing training for staff and updating risk management systems and tools.

Actionable items	Entity responsible	Timeline
Collect appropriate and accurate risk management information.	All government entities	Short term and ongoing
Assign clear responsibility to senior management (e.g. directors) for the ongoing management, monitoring and treatment of risk.	All government entities	Short term
Ensure all staff are aware of the risk management framework, through awareness-raising activities.	Human resources units in all government entities	Medium term
Provide training to current and new staff on how to conduct risk assessments and how to incorporate risk management into daily work and decision-making.	Human resources units in all government entities	Medium term
Ensure entities have access to appropriate risk management systems and tools.	Office of the Comptroller (keep separate from the audit directorates)	Medium to long term

Coherent control mechanisms

64. Proposal for actions: Nuevo León could:

- strengthen and integrate its internal control activities to ensure that reasonable assurance is provided.
- ensure that each internal control serves a purpose and that the overall system is monitored, ethical and efficient.

Actionable items	Entity responsible	Timeline
Assess current internal control mechanisms, consult key stakeholders, and document findings, to determine weaknesses, overlap, inconsistencies and inefficiencies and make recommendations.	Internal audit unit in each government entity	Short to medium term
Assign responsibility for updating and strengthening internal control mechanisms and referring relevant internal audit recommendations to an appropriate senior staff member.	All government entities	Medium term
Update and strengthen internal control mechanisms, where necessary.	All government entities	Medium term
Remove or change controls that are found to be ineffective, repetitive or inefficient.	All government entities	Medium term
Communicate new internal control arrangements to staff and provide training, where necessary.	All government entities	Medium term
Create a system for regularly reviewing and monitoring internal control mechanisms, to ensure they are consistent, are regularly updated and reflect efficient and ethical procedures, and communicate this system to government entities.	Office of the Comptroller	Medium to long term
Assign responsibility for regularly reviewing and monitoring internal control mechanisms and incorporate this system into the entity's processes.	All government entities	Short term

65. Proposal for action: Nuevo León could consider making better use of its internal control reporting function for identifying issues and risks and reporting on them to management.

Actionable items	Entity responsible	Timeline
Use established reporting mechanisms to identify and document trends, issues and risks across the public sector.	Office of the Comptroller	Short term and ongoing
Regularly provide information on trends, issues and risks to the Comptroller General and senior management, to assist with risk management and decision making.	Office of the Comptroller	Short term and ongoing

An effective and separate internal audit function

66. Proposal for action: Nuevo León could consider investing in training, tools and methodologies for internal audit staff to improve the quality and efficiency of audits.

Actionable items	Entity responsible	Timeline
Assess and determine training, tools and methodologies for internal audit staff (in the Central Sector Control and Audit Office and Parastatal Sector Control and Audit Office) that would help improve the quality and efficiency of audits.	Office of the Comptroller	Short term
Create a plan for delivery of the identified training.	Office of the Comptroller	Short to medium term
Implement the training plan.	Office of the Comptroller	Medium term

67. Proposal for action: Nuevo León could ensure that its central co-ordination of internal audit leverages available resources to enhance oversight and allow for a coherent response to integrity risks.

Actionable items	Unit responsible	Timeline
Analyse reports from entities to identify risks, trends and systemic issues through existing reporting mechanisms.	Central Sector Control and Audit Office (*Dirección de Control y Auditoría del Sector Central)* Parastatal Sector Control and Audit Office (*Dirección de Control y Auditoría del Sector Paraestatal*)	Short to medium term
Report trends and systemic issues to the Comptroller-General and senior management to help them respond to emerging issues, including integrity risks, in a cohesive and holistic way.	Central Sector Control and Audit Office Parastatal Sector Control and Audit Office	Medium term

68. Proposal for action: Nuevo León could build on its internal control training programme to provide further training on ethics and integrity for internal auditors.

Actionable items	Entity responsible	Timeline
Ensure audit training materials are up to date and accessible for all internal auditors.	Office of the Comptroller	Short to medium term
Design training for internal auditors specifically related to ethics and integrity.	Office of the Comptroller	Medium term
Deliver training for internal auditors specifically related to ethics and integrity.	Office of the Comptroller	Medium term
Assign responsibility for providing ethics advice and training to a unit other than the internal auditors.	Office of the Comptroller	Short to medium term

69. Proposal for action: Nuevo León could strengthen mechanisms for monitoring the implementation of audit recommendations.

Actionable items	Entity responsible	Timeline
Consult internal audit units to determine possible mechanisms for following up on audit recommendations.	Office of the Comptroller	Short to medium term
Review international practices to determine possible mechanisms for following up on audit recommendations that the Office of the Comptroller might consider.	Office of the Comptroller	Medium term
Design a mechanism for following up on audit recommendations, to help ensure implementation and impact.	Office of the Comptroller	Medium to long term
Communicate the chosen mechanism for following up on audit recommendations and audit findings to Internal Audit Units and provide support for implementation, as necessary.	Office of the Comptroller	Medium to long term
Implement a mechanism for following up on audit recommendations as part of the audit work programme.	Internal Audit Units in all government entities	Long term

70. Proposal for action: Nuevo León could strengthen the independence of its internal audit function by ensuring that it is separate from entity management functions—including the implementation of internal controls and risk management.

Actionable items	Entity responsible	Timeline
Ensure the Comptroller-General and Internal Audit Units have the autonomy to plan their own audit work programme.	Office of the Comptroller; and Legislative Assembly	Short to medium term
Ensure that responsibility for managing and implementing internal controls is clearly articulated (and assigned to management outside the internal audit units).	All government entities	Short to medium term

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OECD Integrity Review of Nuevo León, Mexico

SUSTAINING INTEGRITY REFORMS

This review analyses the integrity system of Nuevo León, Mexico, as well as its efforts to build a culture of integrity in the public administration. It looks at mechanisms for providing timely advice and guidance to public officials when they are confronted with integrity-related questions and dilemmas. Furthermore, it analyses the strengths and weaknesses of the internal control and risk management framework, and the extent to which Nuevo León's integrity reforms effectively engage citizens and the private sector. Finally, the Review provides an action plan to support these efforts, address ongoing challenges, and facilitate the creation of a sustainable public integrity system.

Consult this publication on line at ***https://doi.org/10.1787/9789264284463-en***.

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