



Indonesia Corruption Watch Submission

To the First resumed 15th session of the UNCAC Implementation
Group Review

Enhancing Public Engagement and Oversight by Internal Auditors in Public Procurement Without the Risk of Retaliation

Introduction

Government procurement or public procurement is a critical process that affects the allocation of public resources and the success of infrastructure projects. However, this sector is often vulnerable to corruption.¹ To prevent corrupt practices and ensure fairness in procurement, effective public engagement and internal oversight are essential.

The United Nations Convention against Corruption (UNCAC) has provided global guidelines to combat corruption, but its implementation still faces various challenges. We urge State Parties to strengthen public engagement by ensuring the safety of whistleblowers. We also encourage State Parties to enhance the capacity of internal auditors in overseeing government procurement.

We very much welcome that States Parties at the 10th Session of the UNCAC Conference of the States Parties (CoSP10) adopted resolution 10/9 on *Promoting transparency and integrity in public procurement in support of the 2030 Agenda for Sustainable Development*, recognizing the importance of increasing the openness of public contracting.² Furthermore, we welcome that

¹ "Preventing Corruption in Procurement Through Big Data," United Nations : UNODC Regional Office for Southeast Asia and the Pacific, n.d.,
<https://www.unodc.org/roseap/en/what-we-do/anti-corruption/topics/2020/preventing-corruption-procurement-big-data.html>.

² UNCAC CoSP resolution 10/9: Promoting transparency and integrity in public procurement in support of the 2030 Agenda for Sustainable Development,
https://www.unodc.org/documents/treaties/UNCAC/COSP/session10/resolutions/L-documents/2325383E_L.13_Rev.1.pdf.

States Parties agreed to enhance and expand reporting channels and the protection of whistleblowers who report corruption in CoSP10 resolution 10/8.³

Public Engagement in Public Procurement

Public engagement plays a key role in ensuring transparency and accountability in public procurement processes. The UNCAC, particularly in Article 13, encourages States Parties to implement mechanisms that allow the public to participate in procurement oversight and report alleged violations. Public engagement can be achieved through several means:

1. **Transparency of Information:** Providing the public with open access to information related to procurement processes, including tender documents, evaluation results, and decisions. This allows society to monitor and assess the procurement process effectively.
2. **Anonymous Complaint Platforms:** Providing secure and anonymous channels for the public to report suspected corruption or irregularities without fear of retaliation.
3. **Participation in Oversight:** Involving the public in the oversight and evaluation of procurement to identify and address issues early on.
4. **Case Handling Accountability:** Each whistleblower needs certainty about the progress of the reported case. This information is crucial for the public to hold the process accountable and maintain public trust.

However, in practice, public engagement is often constrained by a lack of information regarding case developments or even the risk of intimidation. Individuals who do not receive updates on the case may lose confidence in the performance of oversight bodies who are investigating indications of wrongdoing. Furthermore, individuals who report cases or are involved in oversight frequently face threats or retaliation, which can hinder active participation.

Oversight by Internal Auditors

Internal auditors play a critical role in ensuring compliance with procurement regulations and policies. UNCAC Article 9 highlights that an effective internal control system is key to preventing corruption. The main tasks of internal auditors include:

1. **Assessing Compliance:** Ensuring that procurement processes are conducted in accordance with applicable regulations and policies.

³ UNCAC CoSP resolution 10/8: Protection of reporting persons, https://www.unodc.org/documents/treaties/UNCAC/COSP/session10/resolutions/L-documents/2325382E_L.12_Rev.1.pdf.

2. **Identifying Risks:** Analyzing potential risks of corruption and irregularities in the procurement process.
3. **Providing Recommendations:** Offering advice for improvements and prevention of identified issues.

However, internal auditors often face significant challenges, including intimidation from interested parties, such as budget cuts, dissolved units, personnel transfers, and even threats of violence. These pressures can affect the auditors' independence and hinder their ability to perform their duties effectively.

Challenges in UNCAC Implementation on Public Procurement

Despite the clear guidelines provided by the UNCAC, implementation often faces several challenges:

1. **Weak Regulations on Public Procurement Implementation:** Some countries still lack adequate regulation, leading to accountability gaps and high corruption risks during procurement implementation. Moreover, public procurement regulation often fails to reflect other regulations such as transparency of Beneficial Ownership which can strengthen the implementation of corruption prevention, as highlighted by CoSP resolution 10/9.
2. **Intimidation of Whistleblowers:** In some countries, whistleblowers who report suspected violations often face intimidation or retaliation. This creates an atmosphere of uncertainty that hinders public engagement and oversight effectiveness.
3. **Lack of Capacity and Training:** Internal auditors often lack adequate training and resources to perform their duties effectively. These limitations can reduce the effectiveness of oversight and corruption prevention.

Recommendations for State Parties

To address these challenges and strengthen public engagement and oversight by internal auditors in public procurement, we urge State Parties to:

1. Invest in developing technological infrastructure that supports e-procurement systems and transparency platforms. This includes improving internet access and developing platforms accessible to the public.
2. Operationalize CoSP resolution 10/9 and implement transparent e-procurement systems that allow the public to access procurement information openly, particularly contracts of

projects. These systems should be designed to facilitate oversight by both the public and internal auditors.

3. Promote access to beneficial ownership information by public procurement authorities, in line with OP8 of CoSP resolution 10/6, and encourage the use of such information by procurement officers.
4. Develop and implement effective whistleblower protection mechanisms, advancing the implementation of CoSP resolution 10/8, including by providing legal protection, psychological support, and secure anonymous complaint channels to report alleged violations without fear of retaliation.
5. Provide adequate training and resources for internal auditors. This training should include the latest auditing techniques, technology usage, and ways to handle potential pressures or intimidation.
6. Facilitate education and awareness programs to empower the public to understand their rights in the procurement process and how to report alleged violations. This also includes education on using technological platforms for oversight.
7. Cooperate with international organizations such as UNODC to monitor the implementation of technology in procurement and ensure compliance with UNCAC. Technical support and guidance from international bodies can help countries address implementation challenges.
8. Provide secure channels for communicating regarding the progress of cases reported by the public and to communicate each stage of the process to reporting persons. This facilitates the public's ability to follow up with stakeholders who are not performing adequately. Additionally, this information serves as a means of accountability for the stakeholders handling the cases.