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GUIDELINES FOR IMPLEMENTATION OF THE INTEGRITY POLICY FOR THE STATE AUTHORITIES AND PUBLIC SECTOR INSTITUTIONS

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Definition of terms

Integrity¹ - legal, independent, impartial, ethical, responsible, and transparent performance of the work with which the officials keep their reputation and the institution's reputation where they are responsible persons i.e., employed, eliminate the risks, and remove the suspicions in the possibility for corruption thus providing citizen trust in the performance of the public functions and in the work of the public institutions.

Corruption² - abuse of the office, public authority, official duty, or position for acquiring benefit, directly or through a mediator, for themselves or other.

Conflict of interests³ - situation in which the official has private interest that influences or may influence the impartial performance of their public authorities or official duties.

Benefit⁴ - acquiring any type of material or non-material benefit, advantage or gain for themselves or for other.

Public interest⁵ - protection of the basic freedoms and human and civil rights recognized by the international law and provided in the Constitution of the Republic of Macedonia, preventing risks for the health, defense and safety, protection of the environment and nature, protection of the property and market and entrepreneurship freedom, rule of law and prevention of crime and corruption.

Corruption risk⁶ - any type of internal or external weakness or procedure which provides opportunity of corruption within the state authorities, public enterprises and other public sector institutions which includes the issues of conflict of interests, incompatibility of the functions, receiving gifts and other illegal payments, lobbying, lack of whistleblower protection system, frauds, inappropriate use of the authorizations, discretionary authorizations, illegal financing of political parties and campaigns, trading or disallowed use of information, transparency of procedures and documents and other issues significant for the integrity.

Official⁷ - all elected or appointed persons and public sector employees.

Irregularity⁸ - Irregularity is non-compliance or wrongful application of the laws and other regulations as well as international agreements which derives from the work or omissions of the public funds users which has or may have harmful impact on the Budget of the Republic of Macedonia, EU funds and funds from other national or international sources, either revenues/inflow, expenditures/outflow, refunds, heritages, or obligations.

¹ Law on prevention of corruption and conflict of interests, Official Gazette of RM no. 23/2019, article 8 paragraph 7.

² Ibid. Article 2 paragraph 1

³ Ibid. Article 2 paragraph 3

⁴ Ibid. Article 8 paragraph 5

⁵ Ibid. Article 8 paragraph 8

⁶ Ibid. Article 8 paragraph 6

⁷ Ibid. Article 8 paragraph 2

⁸ Ordinance on the procedure for prevention of irregularities, the method of cooperation, form, content, deadlines and method of reporting on the irregularities, issued by the Government of the Republic of Macedonia, Official Gazette of the Republic of Macedonia no. 63/2011

Introduction

Corruption slows the social and economic development of the country deepens the poverty and disables the rule of law. The integrity can be thorough and long-term answer to the emerging problems caused by the corruption.

The integrity and corruption are two conflicting phenomena i.e., any corruptive action means breach of integrity. Integrity is a quality of acting in compliance with the generally accepted moral values and norms on public interests benefit.

Integrity is considered key for building strong institutions and in creation of the citizen trust that the institutions work in their interest instead in the interest of the few. Integrity enables the public sector to use the power and resources entrusted in function of the public interest effectively and efficiently which contributes to acceleration of the economic and social development as well as increase of the prosperity of the citizens.

The first step towards establishment of a sustainable integrity system is a clear pledge which comes from the highest managerial positions for zero tolerance of corruption as well as any other improper, unethical, or immoral behavior. Signing of the “Integrity policy” is one of the steps in that direction. Hence, the institutions should inform the private sector, civil society and the citizens about their integrity policy asking them, as partners in the process, to comply with the values and standards in their relations with the institutions.

The integrity policy is based on the existing legal regulations and secondary regulations in the Republic of North Macedonia that regulate the protection of the public interest and prevention of conflict of interest, ethical behavior, human resources management based on a merit and qualifications system, purposeful, rational, and efficient management of public resources, transparency and access to public information, quality management and enabling protected reporting by whistleblowers.

By accepting the integrity policy, the state authorities and public sector institutions are obligated to (1) establishment of an integrity system in the institutions, (2) implementing and supporting the integrity system, and (3) monitoring and reporting on the implementation of the integrity system.

The purpose of this document is to give guidelines for application of the Integrity policy for the state authorities and public sector institutions in the Republic of North Macedonia. In order to facilitate the navigation through the plethora of legal acts, an annex with list of relevant legislation by area including more significant bylaws is given at the end of the document.

1. Establishing of an integrity system

The integrity system should be established in way that enables the state institutions to work complying with the laws and according to the highest ethical standards. To that end, the integrity system enables and harmonizes the implementation of the laws, codices of ethics and policies creating a framework and functional mechanisms for protection of the integrity.

The integrity system lays on the following elements which are sort of integrity standards::

1.1. Protection of public interest and preventing the conflict of interests;

- 1.2. Compliance with the code of ethics relevant to the official's position;
- 1.3. Human resources management based on a merit and qualifications system;
- 1.4. Purposeful, rational, and efficient management of public resources;
- 1.5. Transparency and access to public information;
- 1.6. Enabling protected reporting by whistleblowers, and
- 1.7. Quality management.

1.1. Protection of public interest and preventing the conflict of interests

The integrity of the decisions issued by the officials must not be endangered by the political, ethnic, material, carrier, family or other personal interest and priorities in decision making.

The officials should not solicit and accept any form of illegal benefit which may be expected to influence the performance or non-performance of their obligations and authorities.

Officials should reject or limit the influence of the private interest which may compromise the decisions in which they take part. In cases when it is not possible, the official has to abstain from participation in the decision-making process which may be compromised by his/her private interest or connections.

The official must accept the responsibility for identification and resolving of the conflict of interest for the benefit of the public interest, in any case of conflict of interests.

The citizens expect the officials to perform their duties with integrity, in a fair and impartial way. The institutions are under growing pressure to provide that the officials do not allow their private interests to endanger their professional work and decision making. The pressure comes from the inappropriate management of the conflict of interest that leads to weakening of the citizen trust in the institutions.

The conflict of interest itself is not a corruption, but it can lead to corruption if covered and if the official with his/her acting, practically put the personal before the public interest. The conflict of interests may be real, potential, or apparent.

Type of conflict of interests	What does it mean?	Example
Real conflict of interests	Direct conflict between the official's private interest and his/her official duties.	A firm owned by an official's close person gets a public procurement contract in a procedure where the official was involved as member of a commission.
Potential conflict of interests	When the official has a private interest which might	A state institution employee is a member of a citizen association

	be in conflict with his/her official duty in future.	which could apply for financial support by the institution in future.
Apparent conflict of interests	When the official has personal interest which other persons or the public could perceive that influences the performance of the official duties.	An appointed official's child gets a state scholarship to study abroad. A process in which the official's department did not take part, but there is a perception that he/she could influence the process.

The officials should also deal with the apparent conflict of interests. Therefore, although formally, certain situation is not conflict of interest, it may seem that there is such conflict. Although the apparent conflict of interests is not punishable, such situations may create distrust towards the official and have negative impact on his/her personal and on the integrity of his/her institution. The officials are legally obligated to take care about the potential conflict of interests, undertake measures to avoid it as well as report situations of conflict of interests. In case when certain person states conflict of interest, there is a need to recuse that person from certain action. It should be considered that the recusal of the decision-making is not sufficient. Namely, the person who is recused should not take any part in the discussion, and it would be desirable to leave the meeting until the decision for the issue is made. Covering of the private interest by the official is a breach of the office and a basis for instigating a procedure to establish responsibility and impose measures according to the Law on Prevention of Corruption and Conflict of Interests.

Different job positions in the institutions face different degree of risk of conflict of interest. The risk of conflict of interest is greater if the official has discretion to decide what to do in a specific situation which has impact on third parties (e.g., issue a license or not), as well as limited mechanisms for control on the official actions. In order to identify the risky areas from the conflict of interest's aspect, the institutions can use the toolkit of the Organization for Economic Cooperation and Development (OECD), "Managing the Conflict of Interests in the Public Sector"⁹ which develops general list of questions to check various areas.

In order to enable efficient management of the conflict of interest, institutions have to have a clear identification and statement of the personal interests and clear rules what is expected from the officials in case of a risk of conflict of their persona with the public interest.

- **Identification and statement of the personal interests** is realized through submission of Statement of interests according to the obligations defined in the Law on Prevention of Corruption and Conflict of Interests. The law clearly regulates who is obligated to submit "statement of interests" and in which deadline.

⁹ Toolkit-Managing Conflict of Interest in the Public Sector, OECD, available on the following link <https://www.oecd.org/gov/ethics/49107986.pdf>

For efficient prevention of the conflict of interests, each institution should have its internal guidelines (procedure) which will point to the obligation other officials to state regarding the (in)existence of conflict of interest for the decisions they make not only the ones whose obligation is provided in the law.

- **Clear rules what the officials should in case of possible conflict of interests.** The Law on Prevention of Corruption and Conflict of Interests consistently defines the main duties of the officials for management of the conflict of interests, namely, to undertake measures for avoiding any potential conflict of interests, inform their superior in case of a conflict of interests and request recusal and stop their actions under certain circumstances. Also, after the report to the superiors, the head of the institution where they work is obligated to undertake all the measures to prevent conflict of interests.
- **Creating organizational culture which does not tolerate conflict of interests.** To that end, the institutions should encourage the officials to openly talk about the issues relevant for the conflict of interests. In this process the integrity officer may have the key role.
- **The institutions have to provide a high level of transparency in the process of resolving situations with conflict of interests.** In the case of elected and appointed officials, the private interests and connections should be appropriately placed on public display in order to enable adequate control by the public and inform the public in a timely manner about the outcome of the situations with conflict of interests.
- **Develop monitoring mechanisms** for application of the rules for prevention of conflict of interests for timely detect breach of rules and undertake relevant measures. To that end it is necessary to define the conflict of interests from the aspect of risk assessment. Namely, during the risk assessment, the conflict may be treated, and it may be identified how to recuse the subjected person, how will he/she report the interest and which actions will be taken after.

As it was already stated, for efficient management of the conflict of interests and prevention of situations in which the public interest would be put behind the private interest, it is necessary that the institutions have guidelines/procedure for management of the conflict of interests. This guidelines/procedure should enable:

- Any official who is or can be involved in the preparation, negotiations, management, or implementation of a contract should be obligated to inform the institution for any private interest relevant for that contract;
- Any official that makes official decisions from significant type that involve the institution, its resources, strategies, staff, functions, administrative or legal responsibilities (e.g., decision regarding draft-law, expenditure, public procurement, budget allocation, implementation of a law or policy, granting or refusing license or permit to a citizen, appointment to a position, employment, promotion, discipline, performance assessment etc.) should be obligated to state any private interest relevant to that decision that may be conflict of interests;
- Obligation to request approval for additional/part-time work of the officials with clear definition what is banned and what is allowed and under which conditions;
- Obligation that the internal information, especially privileged information received in confidence from citizens and/or other officials in the course of the official duty are kept safely and are not abused by the staff etc.

The conflict of interests is an area with a high need for organization of awareness rising trainings, workshops, and seminars for all the officials. Lack of knowledge and training in conflict of interests are some of the main reasons why the officers are not prepared to foresee potential conflict of interests. The State Commission for Prevention of Corruption (SCPC) is a source of expertise in the area of conflict of interests. Examples of the previous SCPC work should be used to detect the areas which previously proved as quite vulnerable but also as real illustrations of practical situations in which the officials could find themselves and should be able to recognize them. All the SCPC opinions and public warnings are published on its website.

Ban of receiving gifts, privileges and benefits

Corruption can also start with receiving gifts (presents), privileges and benefits i.e., when the official is put in a situation of obligation and dependence of third parties. Hence, especially significant aspect which should be put in the focus is that the institutions have adopted and consistently follow the internal procedures i.e., guidelines which further regulate the procedure for receiving and giving gifts and accepting hospitality. These internal procedures should provide further details of the legal obligations as well as the relevant ordinances, namely the Ordinance on the Method of Disposing with Received Gifts, the Method of Management of the Records of the Received Gifts and Other Issues Regarding Receiving Gifts¹⁰ and the Ordinance on Giving and Receiving Gifts, Reporting of the Gifts, the Method of Evaluation of the Gifts, the Method of Co-payment for Personal Gift as well as Use, Keeping and Records of the Things that became State Owned by way of being a Gift¹¹.

Regarding receiving pf, the gifts, it is relevant to bear in mind that according to the Law on Prevention of Corruption and Conflict of Interests, the officer when exercising public authorities and duties must not receive gifts except in the cases and in a way prescribed with the Law on Use and Disposition of the State-Owned Things and Municipality Owned Things i.e., The Law on Public Sector Employees. For the gifts received as an exemption and which was not possible to be returned, the institution must keep records and submits copy of such records to the SCPC by 31 March of the current year for the previous year.

The table below is a checklist which may be used by the staff in case they are offered a gift.

Checklist on the justification of receiving gifts¹²

Authenticity Is this gift a sincere recognition?

¹⁰ Ordinance on the Method of Disposing with Received Gifts, the Method of Management of the Records of the Received Gifts and Other Issues Regarding Receiving Gifts (Official Gazette no.153/2014)

¹¹ Ordinance on Giving and Receiving Gifts, Reporting of the Gifts, the Method of Evaluation of the Gifts, the Method of Co-payment for Personal Gift as well as Use, Keeping and Records of the Things that became State Owned by way of being a Gift, Official Gazette no. 180/2015 and Official Gazette no. 313/2020

¹² Toolkit-Managing Conflict of Interest in the Public Sector, OECD, available on the following link <https://www.oecd.org/gov/ethics/49107986.pdf>

- Independence** If I accept this gift, would a reasonable person have suspicion that I will be independent in the performance of my work in future, especially in case of a decision that concern the person that is giving the gift?
- Freedom** If I receive the gift, am I going to be relieved from any obligation to do something in return for the person who is giving me the gift, his/her family, friends, collaborators etc.?
- Transparency** Am I prepare to report this gift and the person that gives me the gift transparently to my institution, the colleagues, media, and citizens?

1.2 Compliance with the code of ethics relevant to the official's position

The officials shall be obligated to comply with their institution's code of ethics whose goal is to promote professionalism, protection of the public interest, accountability, responsibility, impartiality, non-discrimination, and political neutrality.

The institutions have to perform consistent monitoring of the compliance with the code of ethics by the officials and to that end they appoint a person responsible for monitoring and compliance with the Administrative Officers Code of Ethics and/or other codices of ethics such as the Government Members and Public Functions Holders Code of Ethical Behavior.

Professional and ethical work is the basis of the integrity system. The Organization for Economic Cooperation and Development (OECD) defines the integrity as consistent compliance with and adherence to shared ethical values, principles and norms for support and priority of the public interest before the private interests¹³ These values, principle and norms, are actually establishing the integrity standards. These standards are then transformed into ethical codices of behavior which are part of the legal system and organizational policies. The establishment and compliance with the high standards support the administration as service for the citizens. These standards represent the basic principles and values that citizens are expecting from the officials in the institutions.

Considering the usual definition of integrity as a set of attitudes that strengthen the honesty, ethical behavior, and the work practices, it is more than clear how important the codes of ethics and their application are.

Professional and ethical work of the administration

The institutions' staff have an obligation to comply with the Code of the administrative officers.¹⁴ This document prescribes the ethical standards and rules of behavior of the

¹³ Recommendations of the Public Sector Integrity Council, OECD, Paris, 2017, available at <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0316>

¹⁴ Code of administrative officers, Official Gazette of RM no. 183/2014

administrative officers in order to promote the good actions and behavior of the administrative officers and strengthening of the citizen trust in the work of the public sector institutions. The administrative officers should apply the ethical standards and the rules of the behavior in their relations with the coworkers, their superiors, and clients, at their posts, but also in the private life and public.

The Code of administrative officers includes the following elements:

- Professionalism;
- Impartiality;
- Democratic values and social rights;
- Non-discrimination;
- Political neutrality;
- Personal integrity;
- Representation of the public interest;
- Abuse of the administrative officer status;
- Handling the information;
- Behavior on the job, private life and public;
- Behavior with clients, coworkers and superiors;
- Decent appearance;
- Use of the resources.

The institutions can develop their own codes of ethics for the administrative officers which will be prepared based in the existing Code for the administrative officers and it will be adjusted to the specifics of the institutions area through participation of the staff. Part of the central level institutions already have their codes of ethics.

Institutions should consistently monitor the implementation of the code of ethics by their officers and should appoint officer responsible for support of the consistent compliance with the Code of administrative officers. These duties may be entrusted to the integrity officer. The person should advise all the staff regarding the obligations deriving from the code of ethics and provide them recommendations for further actions.

The staff should also be informed about the consequences of the incompliance with these standards since the incompliance with the code implies disciplinary responsibility according to the Law on Administrative Officers.

Ethical standards for the Government members and public functions holders appointed by the Government

From the aspect of ethical work, one should consider the Code of ethical behavior for the Government members and public functions holders appointed by the Government¹⁵. This code regulates the behavior and work of the President of the Government of the Republic of North Macedonia, the ministers, deputy ministers and other holders of executive functions appointed by the Government of the Republic of North Macedonia in order to provide the compliance with the constitution, laws, professional integrity, efficiency, loyalty, responsibility, transparency and protection of human rights and liberties in the performance of their functions

¹⁵ Code of ethical behavior for the Government members and public functions holders appointed by the Government, Official Gazette of RNM no. 232/2020

i.e. duties within the frameworks of the Constitutions, laws and international agreements ratified according to the Constitution of the Republic of North Macedonia.

The goal of the code is to provide strengthening of the integrity of the Government of the Republic of North Macedonia, the ministries and other state administration authority as well as the legal entities established by the Government and strengthening of the citizens' trust in their work. According to the Code, executive functions holders must comply with the basic principles and standards of behavior such as: rule of law; realization of the public interest; mutual respect and protection of the reputation of the Government and the institutions; cooperation, efficiency, and cost effectiveness; accountability, transparency, and responsiveness; inclusion, orientation towards consensualness and responsibility.

The rules of behavior envisaged in the code include the following elements:

- Avoiding conflict of public and private interests;
- Separation of the state from the partisan interests – participation in party activities during the term;
- Relations with lobbyists;
- Relations with public sector employees;
- Presentation of policies;
- Receiving gifts;
- Using the material resources – integrity of the officials in the costs, compensation; and
- Travel.

In the part of code implementation, it is envisaged to sign written statements for compliance with the code, appoint a government member responsible for monitoring of the code implementation, reporting of suspicion in conflict of interests as well as measures that may be undertaken in case of incompliance with the code.

Other relevant codes of ethics

Regarding the codes of ethics, in addition to the difference depending on the officials' category i.e., whether they are administrative officers or Government members and public function holders appointed by the Government, as well as the differences regarding the institutions area of activity, it is important to emphasize the need that the institutions should adopt special codes of actions in the area which are assessed as especially prone to corruption. Certainly, one area most prone to corruption are the public procurements, hence the Ministry of Finance has issued a Code of behavior in implementation of public procurements¹⁶. This Code regulates the method of behavior and work of the persons who deal with public procurements, the president and the members of the public procurement commissions and their deputies in order to provide legality, independence, transparency, accountability, cost effectiveness, efficiency, competition and equal treatment of the economic operators, proportionality, responsibility and professional integrity in the implementation of the public procurements according to their duties and authorizations. Since staff who do not work in the public procurement area and do not have previous extensive knowledge in the area, can be members

¹⁶ Code of behavior in implementation of public procurements, Official Gazette of RNM no. 263/.2019

of a public procurement commission, it is significant that all the officials in the institutions are familiar with this guidelines.

Ethical Standards Training

The trainings should also include components on the rules and values reflected in these codes. The senior managers should attend the trainings in order to be appropriately trained to apply the code, to be an example among the other staff and to be able to provide day to day guidelines for the staff in their organizational unit. The trainings that would be organized occasionally should enable refreshing of the officials about the obligations from the application of the codes of ethics, settling of the dilemmas and discussing specific cases from their work.

1.3 Human resources management based on a merit and qualifications system

Integrity should be promoted as an integral part of the human resources management in the state institutions. Hirings and promotions should be based on a merit and qualifications system and prevent partisan influences, nepotism, and cronyism.

The institutions should have an act of internal organization and act of job descriptions prepared based on an objective functional analysis.

The state institutions should promote open organizational culture where problems, ethical dilemmas, weaknesses are discussed freely and advise and guidelines how to resolve them are provided.

The human resources management which enables hiring and promotion based on merit and qualifications system is a pillar of the institutions' integrity. Hence, the human resources management is one of the key elements regarding the organization culture for support of the integrity. If the institution has a good quality staff, it will be able to realize its competences, improve the services quality, realize the given goals, and improve the public trust. The leaders of the institutions together with the human resources management team should take care about attracting and keeping of a good quality team that will be permanently educated.

The state authorities and public sector institutions should provide a fair and transparent hiring, selection and promotion system based on objective criteria and formal procedures as well as effective complaints system. It is very important to support professionalism, prevent favorizing and nepotism as well as the political influence. Integrity may be included in the job advertisements, under assumption that the candidates apply for work in institutions that share their values.

In order to promote the work of the institutions and increase the motivation and productivity of the staff, it is recommendable to implement regular anonymous employees' satisfaction surveys and enable them to propose measures to improve the operations.

Hiring and promotion process as a corruption risk

Hiring in the institutions regarding the integrity system can be discussed in the context of two aspects. The first is that the hiring process itself can be prone to corruption and the second

one that the hiring of new staff should be a process which will result with hiring of persons with a high integrity level who will be immune to corruption. Regarding the hiring as a corruption risk, the most concerning is the political influence and one of the most visible “symptoms” is the fluctuation of the staff before and after elections through new hirings and through the mechanism of temporary employment which circumvents the Law on Administrative Officers.

In order to protect the integrity, the institutions should consistently apply the legal regulations stipulated in the Law on Administrative Officers regarding the status, classification, hiring, promotion, professional development and training, performance measuring and other issues regarding the employment.

Obligations in hiring and promotion of the staff:

- Institutions should plan to hire of administrative officers in advance, in their annual plans.
- In the hiring process, the best candidate for the job should be selected in a transparent, fair, and competitive selection procedure.
- The promotion process starts with an internal call and after that, the best candidate from the existing staff in the institution, will be selected in a transparent, fair, and competitive procedure.
- The institutions should consistently apply the provisions of the Law on Public Sector Employees¹⁷ (LPSE) and the Law on Administrative Officers¹⁸ (LAO).

The candidate for employment should be employed in institutions and organizations with whose mission and vision they identify as well as posts that correspond to their qualifications, values, and moral principles. The state authorities and public sector institutions should be promoted as attractive employers worthy for good quality candidates with high personal and professional integrity.

Incompatibilities and Limitations

In order to protect the integrity, it is also necessary to consistently comply with the obligations for incompatibilities and limitations. The Law on Public Sector Employees prescribes that the work of the public sector employees is incompatible with performance of direct political activities during working time and on the job.

Law on Prevention of Corruption and Conflict of Interests defines the specific situations and activities which are not in line with the role of the public function due to public trust in the integrity and impartiality of the officials. The appointed and elected officials are limited in the performance of the public functions in case of (1) management of a company or institution, as an owner, and (2) having management rights in a Management Board in a private company or institution.

The appointed or elected official is obligated to inform the institution to which he/she has been appointed or elected, about all the legal entities he/she owns or in which he/she has shares

¹⁷ Law on Public Sector Employees, Official Gazette of RNM no. 27/14 and the consequent amendments

¹⁸ Law on Administrative Officers, Official Gazette of RNM no. 27/14 and the consequent amendments

or managerial functions. The appointed or elected official should transfer the managerial rights to third person.

The Law on Prevention of Corruption and Conflict of Interests has defined the limitations for hiring persons when their official function ceases.

Identifying working positions vulnerable to corruption

In order to strengthen the integrity of the institutions regarding human resources management, it is necessary to identify the positions vulnerable to corruption. Special selection and training procedures should be introduced as well as requiring multilayer system of review and approval in order to avoid unique competence of making decisions to be concentrated in one person and to protect such persons from outside influence in decision making. Therefore, these standards are consistent with the public internal financial control standards. The Ministry of Finance has prepared Guidelines for Identification of Critical Jobs i.e., Sensitive Positions. Thus, the institutions should identify a list of employees on these jobs, duration of the deployment to such a post, as well as a plan that provides rotation of the staff at the (highly) sensitive jobs to disable one employee to be on a such job for more than five years.

Examples of possible criteria for identification of the critical jobs (jobs with high inherent (gross) risk:¹⁹

1. Participation in making significant decisions (systematic and financial) which have decisive influence on the realization of the key goals of the entity/budget user;
2. Participation in the management (budgeting, enforcement, payment) of significant funds whose improper use can possibly cause significant damage to the budget user, the Government of the Republic of Macedonia, the European Commission, other budget users etc.
3. Violation/incompliance with the laws and regulations which may seriously impact the institution's reputation.
4. Participation in decision making which may cause significant financial loss in enterprises and institutions established by the state or where the state is a shareholder;
5. Participation in issuing payment orders or providing services (license, approval, permit, concession, scholarship, subsidy etc.) whose failure to issue, prolongation or issuing contrary to the regulations may elicit bribe of any kind (gift, favor, or any kind of benefit).
6. Participation in decision making that may endanger the safety of the institutions' staff.
7. Possible conflict of interests in participation in decision making for granting public procurement contracts.
8. Possible abuse of confidential information contrary to the institution's policy etc.

¹⁹ Guidelines for Identification of Critical Jobs, Ministry of Finance, Department for Public Internal Financial Control, 2017

According to these guidelines, the institutions should also identify a list of staff on such posts, duration of the post, as well as possible plan of staff rotation on the (highly) sensitive jobs in certain period of time.

In order to strengthen the integrity, it is necessary that the institutions develop internal guidelines to provide an obligation that the persons whose jobs are assessed with high risk, submit property status and interest statements which is in line with the guidelines for management of the conflict of interests.

Training and Professional Development

Trainings and professional development opportunities are an important part of the human resources management. Institutions should familiarize their staff with the goals and tasks for the following year i.e., each employee should understand how his/her work contributes towards the realization of the institution's goals.

The administrative staff should be trained to do their job appropriately, and this especially applies to ones in direct contact with the citizens whose behavior may have a significant influence on the citizen perceptions on the administration's work. However, the administration staff need permanent training in various aspects of the integrity system. Officers should receive a training in the issues relating to professional ethics and awareness rising in corruption risk, not only in the process of hiring but also as a part of the permanent training. These trainings should include discussions about real situations which can be faced. Options to motivate the staff to get involved in giving proposals about preventive measures should be reviewed. Hence, a relevant permanent training model should be reviewed and established. Therefore, the institutions should prepare training plans for the staff involved in their operations but also in strengthening of the integrity and application of all policies and procedures relating to the integrity system. In such way, the institutions will act according to the OECD recommendations²⁰ which stipulated that the staff should be provided with relevant information, training, guidelines and timely advise about the application of the integrity system in their work, through:

- a) providing public and updated information to the administrative officers during their entire career about the policies, rules and administrative procedures of the organization relevant to maintain high public integrity standards;
- b) providing training at the beginning of the employment as administrative officer and during their career in order to raise the awareness and develop the basic skills for ethical dilemmas analysis and make public integrity standards applicable and significant to their personal contexts;
- c) providing easily accessible formal and informal guidelines and consultation mechanisms to help the administrative officers to apply the public integrity standards in their day-to-day work as well as to manage conflicts of interests.

The good human resources management also means that the institutions, among the other, should have clearly identified procedure for hiring third party contractors engaged with service contracts or temporary employment.

²⁰ Public Integrity- A strategy against corruption, OECD available on the following link <https://www.oecd.org/gov/ethics/OECD-Recommendation-Public-Integrity.pdf>

Ethical dilemmas

The staff who frequently face many decisions in their work often can be in a situation of ethical dilemma. The institutions should foster open organization environment where the staff will feel comfortable to discuss possible ethical dilemmas.

The institutions should provide training for the staff for better understanding of the ethical dilemmas, guidelines for resolving the ethical dilemmas as well as options for confidential counseling with the integrity officer. At the same time, the integrity officer should be well trained for handling such situations. The resolution of dilemmas is an approach that combines the rules and values and includes situations where the selection between the available alternatives is not obvious. The goal is to send the message that such situations are unavoidable in their work and encourage the staff to talk and ask for support in case they face such a situation. Hence, these trainings foster the awareness for ethical and moral behavior.

An example for guidelines for resolving an ethical dilemma is given below.

Ethical dilemma resolving plan

1. What problem am I facing and why it is hard to resolve it?
2. Who is affected by my decision?
3. Do I need more information?
4. Are there any provisions in the legislation and internal procedures regarding my question?
5. Which are the arguments pro and contra and which of these arguments is value, which is consequence, and which is excuse?
6. What is my conclusion?
 - Which are the negative consequences of my decision?
 - How can I minimize these consequences?
7. Am I happy with my decision? (Control question)

Ethical leadership

In order to build the integrity in the institutions, ethical leadership is especially important, thus it should be led by the highest managerial structures. Integrity should be an integral part of the managers' profile at all levels in the institutions as well as one of the criteria for employment, appointment, and promotion to managerial positions. The institutional structure should support the managers in this mission through relevant organizational support (internal control, legal advice, human resources management instruments). To that end, it is necessary to consider the following four aspects of the ethical leader i.e., what a manager with integrity who manages his/her institution successfully should be.

Four aspects of ethical leader (manager with integrity) ²¹

An example for integrity through visible action in case it is necessary

Ethical leaders should be aware how their decisions are interpreted and about the others' behavior, should avoid demeanor which may be seen as inconsistent with the rules and values of the organization and should be ready to explain the rationale for their decisions and behavior, if necessary.

Use of awards and sanctions

Formal awards and sanctions are tools necessary for the implementation of the ethical standards. This applies not only to the ones which are directly affected, but also to the entire organization. However, it should be careful to achieve the real balance between the appropriate actions upon integrity violations and maintain the respect and avoiding dissatisfaction. It is proven that sanctions can impact individuals' moral compass i.e., an impression it that rules dictate the behavior, e.g., if it is not explicitly against the rules, it must be all right. To that end, informal awards (praise, confidence) and sanctions (disapproval by the coworkers) are equally necessary tools.

Communication of the values and rules

This aspect includes open discussions about making workplace integrity decisions, clarification of the norms and expectations and providing guidelines for the ones who are facing ethical dilemmas. That includes need for open organizational culture where the staff feel supported to express their ethical dilemmas and ask for guidance through relevant channels.

Fostering and empowering of the staff

This aspect suggests that the ethical leaders provide their staff with opportunities to participate in the decision-making processes and encourage the staff to share their perspectives and concerns. Empowering also includes helping in posing realistic and motivating goals and providing the staff with individual attention, training, and professional development options.

1.4 Purposeful, rational, and efficient management of public resources

State institutions demonstrate openness, accountability, and inclusiveness in defining the budget revenues and expenditures led by the goal to satisfy the public interest and continuously improve the services for the citizens. To that end, in addition to the compliance

²¹ OECD Public Integrity Handbook, accessible on the following link https://www.oecd-ilibrary.org/sites/ac8ed8e8-en/1/3/6/index.html?itemId=/content/publication/ac8ed8e8-en&_csp_=676f6ac88ad48a9ffd47b74141d0fc42&itemIGO=oecd&itemContentType=book#section-d1e8708

with the legal regulations, the institutions are obligated to make all the information about the public funds to the public enabling supervision and control.

State institutions are obligated that they will conclude the public procurement contracts as well as other public contracts in compliance with the principles of cost effectiveness, efficiency, competition between the economic operators, transparency, equal treatment of the economic operators and proportionality.

Transparency of the budget and budget spending

One of the most important aspects of an institution's integrity is the budget transparency. One of the main tools is publishing an institution's citizen budget i.e., simplified form of the budget in order to make the budget expenditures closer to the citizens and institution's service users. In a simple way, each citizen should be able to understand how the budget is planned, how the funds are collected and how the budget funds are spent. Other documents which should be published on the institution's website include the annual account as well as quarterly and annual financial reports.

Public procurement

Corruption in public procurements is considered widely spread in our country. Hence, in order to build the institutions' integrity, it is necessary to pay greater attention to the way these procedures are implemented as well as on the realization of the public procurement contracts.

Integrity in public procurements can be strengthened through consistent application of the principles envisaged in the Public Procurement Law²², then the anticorruption provisions envisaged in the Law as well introducing good practice that exceeds the legal obligations and means installing functional mechanisms for prevention of corruption in public procurement.

The principles of the public procurement procedures are cost-effectiveness, efficiency, competition between economic operators, transparency, equal treatment of the economic operators, and proportionality.

The Public Procurement Law contain specific anticorruption provisions that envisage:

- Contracting authority's (institution) obligation is to undertake all the necessary measures in the entire public procurement cycle (starting from planning, implementation of the procedure, to the realization of the contract) for timely detection of corruption and remediation or mitigation of the harmful consequences;
- Obligation of the responsible persons and managers to give orders to the persons responsible for public procurement in written or via email and of the persons responsible for public procurement to deny the execution of the orders or guidelines in the same form, in case they are contrary to the Law, and to be protected from sanctions;
- The persons responsible for public procurement, other persons engaged in the institution, as well as any interested party who has information about corruption have

²² Public Procurements Law, Official Gazette of RNM no. 24/19

a duty to report it to the State Commission for Prevention of Corruption, Public Prosecution Office or other competent authority;

- Ban for the persons involved in the implementation of the public procurements to be engaged, to receive compensation or acquire ownership in the procurement holders with whom they have signed contracts exceeding 5% of all contracts and ban of the person who participate in the preparation of the tender documentation to be bidders at the tenders.

In order to feel the real effects of those anticorruption provisions, it is important that all the staff in the institutions is familiar with them.

According to the civil society organizations that implement public procurements monitoring,²³ the corruption in the public procurement is manifested through:

- Frequent and significant modification of the public procurement plans as well as through weak realization of the plans;
- Revealing of inside information about the assessed value of the tender;
- Avoiding of the economic operators consultation process through the “technical dialogue”;
- Artificially creating a situation of “utmost urgency” in order to apply nontransparent procedure of direct negotiations before previous call;
- Placing discriminatory conditions for participation of the bidders;
- Preparing discriminatory technical specifications (description of the product i.e., service which is subject of the procurement);
- Placing discriminatory criteria for selection of the best bid;
- Enabling collusion between the bidders;
- Improper preventing of the conflict of interests;
- Concentration of the public procurements in certain company;
- Prolongation of the decision for selection of the best bid;
- Cancelling of the tenders when the favored firm cannot be selected;
- Inconsistent monitoring of the contracts realization;
- Inexcusable signing of annex contracts;
- Irrational spending of the public money through signing public procurement contracts in which the individual prices of the procured products and/or services are higher than the market prices; and
- Insufficient transparency and accountability of the public procurements.

For building of the integrity in the public procurements segment, the institutions have to consider the following recommendations:

- Preparing and application of clear internal procedures on the employees’ and third-party contractors’ actions in all public procurement process stages which will include the actions in case of reporting corruption in the public procurements;

²³ Reports of the public procurement monitoring, Center for Civil Communications, available on the following [link](https://www.ccc.org.mk/index.php?option=com_content&view=category&id=35&Itemid=117&lang=mk)
https://www.ccc.org.mk/index.php?option=com_content&view=category&id=35&Itemid=117&lang=mk

- Identifying, analysis and prioritization of the corruption risks in the public procurements and defining of proposed measures for mitigation of the corruption risks;
- Motivating the persons responsible for public procurements as well as other persons engaged in the institution, as well as any interested party who has information of corruption to inform the competent institutions;
- Improving of the public procurement planning process regarding the need for the procurement subject and regarding its value;
- Applying the principle of rotation of the staff as members of the public procurement commissions in the larger institutions and state authorities;
- Preparing and implementation of relevant programs for continuous professional education of the staff, including the subjects of integrity, ethical behavior, and prevention of corruption in public procurements;
- Minimal application of the nontransparent procedure with direct negotiation without a call, especially because negotiations are held only with one bidder, hence the risks of corruption are increasing;
- Publication of all the relevant information and documents such as public procurement plans with all its amendments, public calls and notifications for concluded and realized contract on the institutions' websites.

Prevention of the corruption in public procurements is one of the key segments of the government's program for combating corruption and it envisages some of the above measures.

Public Private Partnership and other types of public contracts

Institutions should strive to implement the procedures for signing any type of contracts within their competences in a transparent and competitive procedure which provides equal treatment to all participants. This means complete and transparent publication of all calls in the Electronic Public Procurement System (EPPS), entering all the data in the relevant registry in the Ministry of Economy and accountability and transparent process of publication of data by the municipalities that work on the relevant area.

This approach has to be applied in the public private partnership contracts, state resources concessions contracts, lease and sale of state property and land contracts etc. These contracts should be published enabling review and control by all interested parties.

Use of the material resources

The institutions are obligated to provide maximally economical, efficient, and effective management and use of the material assets, equipment and other items entrusted to them and prevent their illegal disposal and material damage.

The officers are obligated to use the state premises, facilities, financial and technical assets entrusted to them in a conscious and responsible fashion and only for the execution of their office.

In order to realize these goals, the institutions should have clear procedures for use of the institution's vehicles, mobile phones and other resources.

According to the Code of Ethical Behavior of the Government and Public Functions Holders Appointed by the Government, the holders of executive functions every six months should submit to the member of the Government appointed to monitor the implementation of the code reports about the expenditures made in the performance of their public authorities and duties, except in situation when the publication of such information may pose a safety risk. For the sake of accountability to the citizens, all the reports should be publicly available through a software solution for display and visualization of the expenses, on the government's official website.

1.5 Transparency and access to public information

State institutions provide truthful, relevant, timely and complete information to the citizen and legal entities, complying with the right of privacy and personal data protection.

The institutions are obligated to transparency and accountability in their operations enabling the citizens and all interested parties review and supervision over their work.

The officers must not use the information they possess in the performance of their office, public authorities, and official duties to realize benefit or advantage for themselves or other.

Transparency is vitally important to the care for the citizens' trust in the institutions of the system and efficiently prevent, stop, and reveal corruption. Transparency is enabled by the inclusion of the public in monitoring of the public spending, adopted policies and decisions made. The information is necessary to the citizens to be informed on their rights and obligations in the society to be able to access the services offered by the public institutions, to be able to take part in the decision-making process and demand responsibility from the government.

According to the Law on Free Access to Public Information, "information holders" are the state administration authorities and other authorities and organizations prescribed by law, the authorities of the municipalities, the City of Skopje and the municipalities in the City of Skopje, the institutions and public services, public enterprises, legal entities and natural persons that perform public duties prescribed by law and public interest activities and political parties in the part of revenues and expenditures, and they all should provide free access to all legal entities and natural persons. A "public information" is an information in any form, created or held by the information holder according to their competences, while "document" is the recording of the information and can have various forms and characteristics. Thus, documents can be written or printed text, but also charts, schemes, photographs, images, drawings, sketches, working materials, recordings, and other materials in digital form.

Proactive transparency

The Law on Free Access to Public Information provides two key ways of establishing transparent and accountable public sector: publishing documents, information, and data on institution's initiative (active transparency) as well as publishing documents, information, and data upon third party application (reactive transparency).

It is necessary that the institutions have a high level of active transparency i.e., publish as much information on their websites as possible and if they have their social channels, to demonstrate the readiness their work to be put on display and control.

The legal basis for the active transparency of the institutions is in the Law on Free Access to Public Information. This law, in addition to the obligation of the institutions to reply to the applications for access to public information, also contains provisions for proactive disclosure of information i.e., disclosing information at own initiative. But many other laws prescribe obligations for the institutions to disclose information proactively, namely, provisions of the Law on Budgets, Law on Public Debt, Law on Public Enterprises etc. In addition to the regulations, active transparency comes also from the practice. A good practice is when an institution makes available to the citizens the answers to the questions it frequently receives in the form of applications for free access to public information.

Voluntarily disclosed information helps the citizen organizations and investigative journalists to prepare and publish investigations that help the citizens to have better understanding of the institutions' functioning, their rights and obligations, the way they can influence the decisions reflecting on their day-to-day life and work, as well as access the services offered by the state more easily. In principle, an institution can proactively disclose all the information it possesses, except ones the law provides as exemptions.

When proactively disclosing certain information, the institutions should be motivated by the way of disclosure of the information which should be feasible and effective i.e., to be easily accessible to widest pool of citizens. The proactively disclosed information should be easily accessible and understandable, to be able to be used, to be relevant (in cooperation with the citizen organizations and journalists, it can be checked which information are relevant) and regularly updated.

1.6 Enabling protected reporting by whistleblowers

Institutions provide conditions for protected internal reporting which transfers suspicion or knowledge that criminal, unethical, or other illegal or prohibited action which violates or endangers the public interest has been committed, is being committed or it is probable that it will be committed.

The state institutions must have appointed an authorized person for receiving reports from whistleblowers and must have a procedure for protected reporting which is known to all interested parties.

The institution encourages all the staff, candidates for employment, volunteers, persons who have been hired to do some work, persons who are or have been in business or other relation with the institution, as well as persons who use or have used institution's services, to report their knowledge or suspicions of a criminal, unethical, or other illegal or prohibited action in the institution to the authorized person for receiving reports from whistleblowers.

The institution handles the reports according to the Rulebook on Protected Internal Reporting in the Public Sector Institutions. Therefore, the institution is obligated to inform the potential whistleblowers about the procedure for protected reporting, the legal provisions for whistleblowers protection and the possibility for protected external reporting to the Ministry of Interior, the competent public prosecution office, the State Commission for Prevention of Corruption, the Ombudsman, and other competent institutions.

The protected reporting is an important part of the detecting of the abuses in the institutions and it is a disclosure (reveal) of information about the work of individuals and entire structures in the institutions. The protected reporting transfers suspicion or knowledge that criminal, unethical, or other illegal or prohibited action which violates or endangers the public interest has been committed, is being committed or it is probable that it will be committed. Therefore, reporting is not necessarily for an already committed crime, but also if it is probable that it will be committed i.e., there is a preventive application. Whistleblowers' protection is done according to the Law on Protection of Whistleblowers. This Law regulates the protected reporting, the rights of the whistleblowers as well as acting and the obligation of the institutions. The whistleblowers are not always employed in the institution. It is not widely known that external persons who have had a business or other legal relation with the institution can take this role. It can include candidates for employment, volunteers, persons who have been hired to do some work or have performed some work as well as persons who have used or provided service to/in the institution.

The practice to date has shown that this mechanism is used very little in the institutions. Thus, institutions should work on a promotion of the possibility for protected reporting and the messages for wider application of the "protected reporting" mechanism should come from the highest managerial structures during working meetings, interviews, and statements to the media etc. Information about the established system for protected internal reporting (authorized person, internal procedure for receiving whistleblowers' reports) and messages for encouraging the protected reporting should be easily accessible at the institution's website.

Conditions for protected internal reporting

The institutions should provide all the necessary conditions for protection of the confidentiality as well as protection against any consequences for the whistleblower. The Minister of Justice has issued a Rulebook on Protected Internal Reporting in the Public Sector Institutions²⁴. According to the Law on Protection of Whistleblowers, the heads of the institutions should appoint a responsible person for receiving reports submitted for internal reporting (authorized person). Namely, the whistleblower performs the internal reporting orally with minutes or in written to the person authorized by the head of the institution. The institution which does not have authorized person for receiving reports from whistleblowers, the protected internal reporting shall be made to the head of the institution.

The head shall prescribe internal procedures for receiving reports from whistleblowers, separation, and processing of the data from the reports and undertakes measures for protection of the personal and other data regarding whistleblowers and reports by whistleblowers, implementing the regulations on protection of personal data and protection of classified information.

The head of the institutions submits the following data about the authorized person to the State Commission for Prevention of Corruption: name and surname, post, telephone number, mailing address and email for receiving the reports. These data should be published on the institution's website together with the Rulebook on Protected Internal Reporting.

²⁴ Rulebook on Protected Internal Reporting in the Public Sector Institutions, Official Gazette of RM no. 46/2016

The authorized person shall prepare semi-annual report on received reports from whistleblowers which includes general statistical data and data about cases opened upon received reports.

Protected external reporting

Institutions should promote to their staff the possibility for protected external reporting to the Ministry of Interior, the competent public prosecution office, the State Commission for Prevention of Corruption, the Ombudsman, the inspection services, or to other competent institutions. The Council of Europe recommends that there is no hierarchy of the reporting since different channel may be more appropriate for each individual case.

If the report is submitted to several institutions, they are cooperating and coordinating the actions and provide mutual legal and professional assistance, exchange experience, plan and undertake agreed activities within their competences upon the issues expressed in the report.

The Minister of Justice has issued a Rulebook on Protected External Reporting²⁵ which regulates in greater detail the obligations of the institutions to which a whistleblower has made protected external reporting.

1.7. Quality management

The improvement of the services offered to the citizens is a top priority. The institutions should establish a system of operation which permanently promotes the work and processes, reduces the risks, and costs and improves the motivation of the staff and monitor the total results of the work.

The promotion of the delivery and improvement of the quality of the work and of the services offered is made through responsible planning, management and realization of the processes and promotion of culture of excellence of the public administration according to ISO 9001 international standard, Common Assessment Framework – CAF and other public sector quality standards.

The Law on Introduction of a Quality Management System and Common Assessment Framework for Assessment of the Work and Providing Services in the State Service²⁶ introduced an obligation for all institutions to implement the following two quality standards: ISO 9001 and Common Assessment Framework.

ISO 9001 Quality Standard

ISO 9001 was created by the International Standards Organization (ISO) and its purpose is to provide a quality management system which will assist the organizations to work efficiently and introduce the best practices methodology. ISO 9001 specifies the basic requirements of a quality management system which have to be met by the organization in order to demonstrate its ability to permanently provide products (including services) which improve the clients' satisfaction and meet the applicable legal and regulative requirements.

²⁵ Rulebook on Protected External Reporting, Official Gazette of RM no.46/2016

²⁶ Law on Introduction of a Quality Management System and Common Assessment Framework for Assessment of the Work and Providing Services in the State Service, Official Gazette of RM no. 69/2013

The model shows five principles where each principle determines a set of requirements, procedures and processes which should be reviewed for implementation of the system:

- 1) General requirements of the quality management system and documentation,
- 2) Responsibility, focusing, policy, planning and goals of the management,
- 3) Resource management and distribution,
- 4) Realization of product/service and process management, and
- 5) Measuring, monitoring, analysis, and continuous improvement.

The newest version of this standard is ISO 9001: 2015 and the institutions that still have the older version ISO 9001: 2008 should make an upgrade.

Common Assessment Framework – CAF

The Common Assessment Framework - CAF²⁷ is the first European quality management instrument customized and prepared for the public sector. CAF is a tool that enables improvement of the quality of the services offered by ULSG, records the progress in all areas of operations and can improve the satisfaction and motivation of the staff. The goal of the Common Assessment Framework is to be a catalyst/tool for complete improvement process within the organization and it has the following goals:

- Familiarize the public administration with the excellence culture and principles of the complete quality management;
- Lead the institutions step by step according to completely harmonized Deming's cycle “plan-implement-check-act”;
- Facilitate the self-assessment of the public organization in order to get a good image about the achievements level and propose measures to improve the performance; have a role of bridge between the various models used in the quality management in the public and in the private sector; and
- Facilitate learning between public sector organizations²⁸.

According to the law, the institutions should establish a post that coordinates the standards and quality management instruments implementation process. The Ministry of Information Society and Administration (MISA) is the national contact point i.e., resource center for CAF and the institutions that haven't implemented CAF yet have to contact MISA to receive support in the process. The institutions should ensure that the staff will participate in the CAF model implementation trainings organized by MISA. MISA has prepared guidelines and manual for introduction of the CAF model, and they are available on the MISA website. The institutions can implement other public sector quality standards. If the institution needs to implement several ISO or Macedonian standards, then an integral management system is implemented comprising of several standards where the basis is ISO 9001.

2. Implementation and support of the integrity system

²⁷ Common Assessment Framework - CAF

²⁸ More information on CAF Model is given in “Improving the public sector quality through the Common Assessment Framework”, OSCE, 2017. Available at: <https://www.osce.org/files/f/documents/0/7/373762.pdf>

In order to enable efficient implementation of the integrity system, the institutions should be committed to building capacities of all officers in the process of meeting the obligations from the implementation of the integrity policy, appoint an integrity officer to support the process, regularly assess the corruption risks and undertake relevant measures to overcome them and enable free reporting of the in-compliance with the obligations of the integrity system. Capacity building is done through the regular education of the staff for appropriate implementation of the integrity standards through trainings, as well as enabling counseling about all the dilemmas which the officers may face in their day-to-day work.

2.1. Building capacities for implementation of the elements on which the integrity system is based

Capacity building is done through regular education of the staff in the relevant implementation of the elements of the integrity system through workshops, seminars as well as providing counseling about all the dilemmas which the officers may face in their day-to-day work.

It is not enough that the institution pledges to zero tolerance to corruption, but all the officers should be well familiarized with the integrity policy, legal framework, their obligations, and duties, as well as disciplinary, criminal, and other procedures that may be instigated and the possible consequences.

In the sustainable integrity systems, the motive for compliance to the rules is not only the fear from the possible consequences i.e., possible disciplinary or criminal procedure. Understanding of the consequences of the corruption has an important preventive role. All the officers in the institution should be able to envisage how a certain corruptive behavior directly impacts the quality of the life of all citizens. That will reduce the tolerance to corruption as well as the solidarity with the colleagues that have violated the prescribed norms. Understanding the consequences of the corruption may be fostered through discussions, workshops, and trainings. Therefore, the set of trainings for fostering of the integrity and prevention of the corruption should also include components focused exactly to the direct and indirect consequences of corruption. It is recommendable to plan these trainings in the annual professional development plan.

2.2 Appointing an integrity officer

In order to provide an efficient implementation of the integrity system, the head of the institution shall appoint an integrity officer. The integrity officer should possess relevant professional competences, personal skills, and moral characteristics, and has the following tasks:

1. Monitoring of the compliance with the regulations:

- Coordinate the implementation of the integrity system elements in the institutions;
- Work on internal compliance processes;
- Provide proposals for overcoming of the detected corruption risks;
- Advise the officers in the implementation of the integrity system elements;
- Advise the officers how to act in situations of ethical dilemmas;
- Provide advice and recommendations to the head of the institution;

2. Awareness rising and education

- To be involved and consulted in the capacity building process of the officers for relevant implementation of the integrity system through permanent education, communication and consultations;
- To be regularly informed about the implemented data analyzes about violations of the ethical codes and measures undertaken to overcome them;
- Collect the analyzes and data relevant for the policies and procedures in order to provide guidelines for promotion of the integrity system;
- Propose trainings of the staff related to the integrity system.

3. Informing

- Familiarize the citizens and all stakeholders with all the relevant information about the integrity system enabling them reporting cases of incompliance with the elements of the integrity etc.

4. Cooperation with SCPC

- Inform SCPC periodically. The integrity officer is a contact point that facilitates the communication between SCPC and the institution within the implementation of the integrity system.

Appointing an integrity officer is according to the GRECO recommendation to appoint responsible persons for advising in the in the areas of integrity, conflict of interests, accepting gifts etc. on central level.

The institutions should make a clear difference between the competences of the integrity officers and the protected reporting officers.

2.3. Corruption risk assessment and identifying relevant measures to address them

The institutions are obligated to assess the corruption risks regularly and to undertake measures to overcome the risks that endanger the institution's integrity. The corruption risk is seen as any type of internal or external weakness or procedure that is possibility for corruption in the state authorities, public enterprises and other public sector institutions and that includes issues of conflict of interests, incompatibility of offices, receiving gifts and other illegal payments, lobbying, lack of whistleblowers protection system, frauds, improper use of the authority, discretionary authorities, political parties and campaigns financing contrary to the law, trading or illegal use of information, transparency of procedures and documents and other issues important for the integrity.

The document "Guidelines for Assessment of the Risk of Institutional Corruption in the Republic of North Macedonia"²⁹ thoroughly processes the six steps for institutional corruption risk assessment in order to enable and facilitate the practical implementation of self-assessment of the institution in line with the Law on Public Internal Financial Control, the

²⁹ Guidelines for Institutional Corruption Risk Assessment in RNM developed within the frames of the "Promoting Transparency and Accountability in the Public Administration in North Macedonia" Project, accessible at the following link https://dksk.mk/wp-content/uploads/2021/02/ProTRACCO-Guidelines-for-institutional-CRA_%D0%9C%D0%9A.pdf

Guidelines on Risk Management, issued by the Ministry of Finance in 2018 and the Rulebook on Corruption Risk Management.

Steps in the institutional corruption risk assessment

Step 1	Preparatory phase
Step 2	Identifying the corruption risks
Step 3	Analysis and evaluation of the risks and current measures
Step 4	Identifying and planning of solutions/measures/recommendations
Step 5	Preparing a Risk Registry
Step 6	Implementation and monitoring of the institutional corruption risk assessment

Step 1: Preparatory phase in the corruption risk assessment

Corruption risk assessment in the Republic of North Macedonia is a legal obligation. In this phase, the institution's head should issue or update the already issued formal decision or resolution where it is established that the institution shall implement a corruption risk assessment. This document should include a short explanation of the legal obligation that all the institutions should have a relevant risk management process and why it is necessary; information who is responsible for corruption risk management and assessment (functions and complete names) together with an explanation of their tasks.

Step 2: Identifying the corruption risks

The institution that performs self-assessment collects all the relevant documents that can be used as a source of information in order to identify the corruption risks. It is recommendable to collect at least the following: legal regulations relevant for the institution; internal acts; internal documents (internal and audit reports, disciplinary measures, internal organization chart of the institution with all working processes, annual interviews with the institution's staff); external documents (audit and inspection reports, SCPC reports; media reports, citizen complaints submitted to SCPC, public opinion, criminal charges etc.).

The corruption risks which are already identified in the definition of the Law on Prevention of Corruption and Conflict of Interests and should be taken into account include:

- Conflict of interests;
- Gifts and sponsorships;
- Illegally implemented public procurement procedures and finances and other payments;
- Illegal influence in the employment, appointment, and dismissal of managerial positions, illegal requests;

- Lack of whistleblowers' protection;
- Incompatibility of offices;
- Limitation of business activity during and after the term;
- Ban of abuse of official data, trade and unauthorized use of information, lobbying;
- Discretionary authority (improper use of the authority);
- Failure to submit declarations of assets.

For all identified corruption risks, the institution should identify indicators i.e., subrisks. The document Guidelines for Institutional Corruption Risk Assessment in RNM already identifies the subrisks which will significantly simplify the process. Therefore, the forms that include indicators (subrisks) given in the document will help the institutions in making self-assessment in the identification of the corruption risks.

Partially controlled or uncontrolled risks should be additionally evaluated using two factors:

- Probability that the identified risk will occur (probability is the frequency of occurrence of the risk);
- Impact of the risk i.e., the effects or consequences that will come in case the risk materializes (the effects are the consequences caused by the occurrence of some event).

This is how it is identified whether the risk has low, medium, or high impact and probability level.

Step 3: Analysis and evaluation of the risks and current measures

In this phase, the existing control measures should be identified and analyzed in comparison with the identified risks. If these internal controls and measures are relevant and efficient, in that case it is less probable that the identified risks would materialize or that they would have great consequences i.e., impacts.

The result of this analysis will be to determine whether some risk is:

- a) controlled (the measures are sufficient and relevant);
- b) partially controlled (updating or amending the measure); or
- c) not controlled (there are no measures, or they are inadequate).

Step 4: Identifying and planning of solutions/measures/recommendations

Once the risks are evaluated, identification of the control measures for all risks marked with medium or high impact and probability is done.

The measures should be adjusted to the specific institution where the institutional corruption risk is assessed. Not all counter measures may be used in all institutions, and it is not possible to identify all the additional measures in advance.

After the identification of the risks and their counter measures it is necessary to define the deadlines for implementation of each control measure. The deadlines should be defined in periods instead dates because that better suite the risk register's logic.

Step 5: Preparing the risk registry

When all the control measures for all risks or subrisks are identified, the institution should appoint a responsible person who will take care about the implementation of the proposed control/preventive measures as well as the deadlines for implementation of each control/preventive measure.

All the risks, measures for overcoming of the risks, the responsible persons, and deadlines which have been identified will now have to be organized in a single document called risk registry. This registry should include the following information:

- Risks and subrisks;
- Assessment of the probability and impact of the identified risks;
- Risk/subrisk addressing measures;
- Persons responsible for implementation of the measures;
- Persons responsible for control of the implementation – timeframe (deadlines for implementation of all measures).

Step 6: Implementation and monitoring of the institutional corruption risk assessment

The risk registry and the corruption risk assessment must be approved and signed by the institution's head. The institutional corruption risk assessment also includes:

- Regular monitoring of the implementation of control measures (it is recommended once in 3 months, but the head of the institutions will make the decision); and
- Occasional risk checks (controls) every year (that means reassessment of the institutional corruption risk) or if something happened (corruption case etc.).

2.4 Enabling reporting of non-compliance with the obligations of the integrity system

For the successful implementation of the integrity system, it is exceptionally important that the institutions not only enable, which is their legal obligation, but also encourage reporting of the non-compliance with the obligations of the integrity system. Any form of corruptive, improper, unethical, or immoral behavior should be recognized by the highest managerial structures and sanctioned.

The strong commitment of the management for implementation of the integrity system will be operationalized only if the obligations are applied by all equally, no matter of their position as well as whether it is "smaller" or "bigger" violation. These standards should be even higher when the violations come from persons on higher managerial positions, counselors who should be an example of ethical and professional behavior immune to corruption.

Disciplinary, misdemeanor and criminal sanctioning

Each report for unethical or corruptive behavior should be dealt with due attention and relevant procedure according to the legal regulations should be implemented.

Usually, the violation of the legal and ethical norms means disciplinary, misdemeanor or criminal responsibility. In case of a crime, a criminal procedure before the competent public prosecution office is instigated. Disciplinary procedure is instigated in the institution, while the misdemeanor responsibility is determined by the State Commission for Prevention of Corruption, State Administrative Inspectorate, Labor Inspectorate, Agency of Protection of the Right to Free Access to Public Information etc.

Informing and inclusion of the citizens

For efficient implementation of the integrity system, it is very important to familiarize the citizens and all stakeholders about the obligations which come from the introduced integrity system and informing the citizens about the effects of the integrity system implementation.

This is the way citizens will be familiarized with the efforts made by the institution for strengthening of its integrity and they will be encouraged to contribute to that complex process and use the mechanisms for protected reporting for disclosure of all irregularities in the institution's operations.

The institution's website, social networks and media can be used to inform the citizens and encourage them to contribute towards the building of the institution's integrity.

3. Monitoring and informing about the integrity system implementation

Since the integrity system consists of several elements which are mutually connected and based on different laws, the institutions are facing obligations to monitor and report on several bases. These obligations should not be seen as an administrative burden but as an opportunity that the institutions should monitor its own achievements and use the acquired knowledge for further promotion of the integrity.

The institutions should enable two tier integrity system monitoring system. First, at the institution's level and second, by the competent institution, the State Commission for Prevention of Corruption.

3.1 Monitoring on institutional level

The goal of the integrity system monitoring on institutional level is to identify the efficiency of the applied policies and procedures which enable consistent application of the integrity elements as well measuring of the results of the implemented measures for reduction of the corruption risks.

The process of implementation, monitoring and reporting of the integrity system implementation is coordinated by the integrity officer. The institutions should also implement internal controls to check the integrity system implementation through inclusion of the internal audit.

The knowledge acquired in the monitoring process and the implemented internal control are used for promotion of the integrity system i.e., internal policies and procedures as well as the corruption risk mitigation measures.

In order to promote the integrity system in the institutions it is important to develop clear indicators which will be able to quantify the change i.e., to show whether there is progress or regress in the corruption addressing process through strengthening of the integrity in the institutions.

Active monitoring of the integrity policy implementation can additionally include information relating to:

- Gathering and analysis of the data about the violations of the obligations that come from the integrity system, identification of trends through analysis of the disciplinary procedures and other procedures;
- Measuring of the knowledge of the staff and the needs for further education and support through staff surveys, filling questionnaires before and after the trainings;
- Conducting public opinion survey and option for filling in questionnaires by the institution's service users.

The data about the implementation of the integrity policy support the integrity system. The identified data will enable relevant review of the consistent compliance with the integrity system, functioning of the disciplinary procedures system and finally, evaluation of the effect of the implemented measures for addressing the corruption risks. Therefore, the level of interinstitutional coordination will be directly improved and it will contribute towards promotion of the integrity system.

The institution should define the method of informing all the staff and of the stakeholders about the findings and monitoring of the integrity system implementation.

3.2 Monitoring by the State Commission for Prevention of Corruption

Institutions are obligated to cooperate with the State Commission for Prevention of Corruption enabling it to monitor the implementation of the integrity system. Based on the received information, the State Commission for Prevention of Corruption shall provide recommendations, guidelines, and suggestions for successful implementation of the integrity system.

Therefore, the institutions with by signing of the Integrity Policy are obligated to:

- Implement the integrity system according to the guidelines of the State Commission for Prevention of Corruption;
- Correct and timely inform the State Commission for Prevention of Corruption about all the activities undertaken for implementation of the integrity system based on the identified methodology and software solution developed by the State Commission;
- Consistent implementation of the received recommendations, guidelines, and suggestions by the State Commission for Prevention of Corruption regarding strengthening of the integrity of the institutions.

ANNEX: List of relevant legislation (by areas) with most important secondary legislation

PREVENTION OF CORRUPTION AND CONFLICT OF INTERESTS

Law on Prevention of Corruption and Conflict of Interests, Official Gazette of RM no. 12/2019

[National Strategy for Prevention of Corruption and Conflict of Interests 2021-2025](#)

CODES OF ETHICS

[Code of the Administrative Officers](#)

[Code of Ethical Behavior of the Government Members and Public Functions Holders appointed by the Government](#)

HUMAN RESOURCES MANAGEMENT

Law on Public Sector Employees, Official Gazette of RNM no. 27/14, 199/14,27/16,35/18,198/18

Law on Administrative Officers, Official Gazette of RM no. 27/2014, 199/2014, 48/15.

Secondary legislation on administrative officers, public sector employees and other bylaws
<https://aa.mk/podzakonski-akti.nspx>

PUBLIC PROCUREMENTS

Law on Public Procurements, Official Gazette of RM no. 24/2019

[Code of Behavior in the Implementation of Public Procurements](#)

Other documents available at: <https://www.bjn.gov.mk/category/podzakonski-akti-zjn/>

TRANSPARENCY

Law on Free Access to Public Information, Official Gazette of RNM no.101/2019

[Manual on the Method and Procedure for Implementation of LFAPI](#)

[Rulebook on the Shape and Content of the Form of the Application for Access to Public Information](#)

[National Open Government Partnership Action Plan](#)

PROTECTED REPORTING

Law on Protection of Whistleblowers, Official Gazette of the Republic of Macedonia no. 196/2015, 35/18

[Rulebook on Protected Reporting in the Public Sector Institutions](#)

[Rulebook on Protected External Reporting](#)

RISK MANAGEMENT

Draft Law on Public Internal Financial Control, December 2020

Law on Public Internal Financial Control, Official Gazette of RM no. 90/2009, 188/2013 и 192/2015

[Standards for Internal Control in the Public Sector](#)

[Manual for Financial Management and Control](#)

[Risk Management Guidelines](#)

Fraud and Corruption Risk Management Guidelines

Guidelines for Identification of Critical Jobs

Guidelines for Institutional Corruption Risk Assessment in the Republic of North Macedonia, prepared within the frames of the “Promoting Transparency and Accountability of the Public Administration” Project, financed by the EU. November 2020.

Other documents relevant for the internal financial control
<https://finance.gov.mk/%d1%86%d0%b5%d0%bd%d1%82%d1%80%d0%b0%d0%bb%d0%bd%d0%b0-%d0%b5%d0%b4%d0%b8%d0%bd%d0%b8%d1%86%d0%b0-%d0%b7%d0%b0-%d1%85%d0%b0%d1%80%d0%bc%d0%be%d0%bd%d0%b8%d0%b7%d0%b0%d1%86%d0%b8%d1%98%d0%b0-%d0%bd-3/>

QUALITY MANAGEMENT

Law on Introduction of a Quality Management System and Common Assessment Framework of the Operations and Provision of Services in the State Service, Official Gazette of RM no. 69/2013

Manual on the Introduction of the Common Assessment Framework, Establishment and Work of the Assessment Team, Assessment of the Situation and Preparation of the Situation Report

Manual for Preparation and Issuing of a Situation Improvement Plan in the Procedure for Common Assessment Framework