

3. Corruption and Financial Mismanagement

Key definitions: why corruption and financial mismanagement are important security issues?

A state invests large amounts of public resources in its security and it is a matter of public accountability and professional administration for the government and the security services to be able to show that public resources are being used in the most efficient way possible to achieve policy goals for national security and public safety. Yet the security sector also tends to invite high levels of mismanagement and even corruption.

The colossal sums involved in procurement and the (sometimes) legitimate veil of secrecy behind which some parts of the security sector must operate can create opportunities for unscrupulous officials to hide crimes and corruption. The large sums of money often involved as well in security sector management can create temptation at the highest levels, while insufficient rates of pay may make petty corruption a necessary means of survival for rank and file members of security forces. Corruption comes in many forms in the security sector: for example, risks of corruption exist in decisions over personnel, procurement, finance and operations where resources are to be distributed. There is also a risk that corruption can influence higher level political decisions over strategy and policy, when private sector or political interests lobby for a particular choice because of opportunities for personal gain that might result, instead of the national interest.

Besides corruption, serious mismanagement of public resources can result from poor policymaking and management within the security sector, if personnel do not have the requisite level of training and resources to perform competently in their role. The challenging and technical nature of security sector management means there may be a shortage of competent civilian and security personnel to ensure competent decisions and administration of resources.

The consequences of corruption and financial mismanagement are grave. Over time poor financial management will leave the security sector ill-equipped and unprepared to respond to threats against public safety and national security. Mismanagement and corruption also sap morale within the ranks, which undermines their effectiveness. It also undermines public confidence in the work of the security sector, which makes it more difficult to secure their cooperation from the public. Perceptions of corruption and financial mismanagement in the security sector's use of public resources can also become a driver of political stability and violent conflict.

Why corruption and financial mismanagement matter for security sector reporting

Reporting on corruption and financial mismanagement matters to security because the public has a right to know whether their resources are being used efficiently for the purposes intended. Journalists can provide critical and independent analysis and information on how public funds are being used for public safety and national security in a way that holds public authorities responsible for their stewardship of public resources, reveals abuse, and ultimately enhances public awareness of problems to be solved. Security sector reporting that covers corruption and financial mismanagement is an important source of information on this issue for the public and one that can create pressure on democratic governments to improve their financial management of the security sector.

At the same time, investigating financial crimes and corruption can be dangerous for journalists: Transparency International found that one in five journalists die while investigating corruption, and those countries with the highest rates of corruption tend also to be those guaranteeing the least protections for journalists and press freedom. Although

journalists need to be especially mindful of safety and security while investigating corruption, the fact that this kind of reporting is dangerous reveals the failures of the security sector to perform effectively since the security sector ought to be a source of protection for journalists and not a source of danger. Corruption and financial mismanagement are often the root causes of security sector dysfunction and the main means of leverage by which political, commercial or criminal interest can influence security actors. Security sector personnel who take pride in their profession share an interest with journalists working to reveal corruption and mismanagement in a way that can ultimately lead to improvements in how the security sector works.

Key issues for reporting on the security dimensions of corruption and financial mismanagement

Competent public financial management of security? Strong legal and policy frameworks, as well as a high level of training and technical competence, is required to make efficient decisions about financial management, administration, operations, procurement, and capital investment across the security sector: Ministries or departments responsible for managing security services as well as ministries or departments of finance may not have sufficient levels of competence to get the job done well. At the same time, a clear understanding of the principles of budget allocation, review, monitoring and audits is essential within parliaments and independent audit authorities to ensure they can provide the security sector with the oversight it needs to perform effectively. Because of these challenges what looks like corruption may be incompetent financial management.

→ Journalists can ask:

- ✓ What procedures does government have in place for planning and reviewing security sector spending (for example, results-oriented budgeting)?
- ✓ Do budget priorities reflect the security priorities set out in national security policies?
- ✓ How does the national allocation of spending on security compare to international or regional averages? (e.g., more or less than 2% GDP spent on defense, proportion of the public sector payroll employed in security services, etc.).
- ✓ What do expert assessments (from academics, civil society, audit institutions for example) suggest about the efficiency of security budgeting processes and the competence of security sector financial management?
- ✓ What open-source information on public sector budgets for security or security-related spending (such as arms sales)?
- ✓ What legal obligations must the security sector respect in managing public resources and are these competently applied and respected?

Effective legal framework for financial accountability? Accountability for use of public resources in the security sector depends on a coherent and effective legal framework to govern the management of public finances and to make sure laws cover all functions and aspects of the security sector. Parliaments need to provide laws that set out clear rules of the management of public funds, including their provisions for accountability and transparency in how budgets for security are made and spent both for and within security institutions. Laws need to dictate the specific financial oversight functions relevant for each ministry responsible for security. Audit institutions, such as an auditor general or a government accountability office, must have the legal power to assess and audit the financial management of the security sector. All of these frameworks should include anti-corruption measures. Parliaments should also have final approval over budgets for the security sector that are prepared and proposed by executive authorities so that the use of public funds according to the budget is backed by the law.

→ **Journalists can ask:**

- ✓ Has parliament ensured that effective financial administration laws are in place?
- ✓ Are parliaments using their powers to provide effective oversight through budget approvals and reviews?
- ✓ What procedures and standards have been built up within each security institution to promote integrity and punish corruption?
- ✓ What have parliaments, audit authorities, and civil society, been doing to track corruption or financial mismanagement in the security sector?
- ✓ Are governments living up to their promises related to security sector spending?
- ✓ What official audit reports are available on security spending (including historically)?
- ✓ What changes in patterns of spending on security or mechanisms of control are evident? If there has been no change, why?

Integrity, prevention and impunity? Implementing laws to prevent corruption and build integrity within the security sector requires security institutions to take a proactive approach to manage the problem within their ranks. This will involve developing institutional policies for prevention based on integrity education and codes of conduct for personnel as well as specific policy instruments to prevent corruption (e.g. declarations of assets for senior officials) and guarantee that sanctions will be enforced (e.g. whistleblower protections, independent complaints authorities). Such measures depend on political support at the highest levels.

→ **Journalists can ask:**

- ✓ Is there strong support (both political and material) for financial integrity at every level of security sector management and among political authorities?
- ✓ Have security institutions conducted internal integrity assessments? If not, why not? And if so, are they publicly available (and if not, why not)?
- ✓ What anti-corruption policies are in place (including institutional checks, transparency measures, whistleblower protections and personnel training)?
- ✓ What channels are available to report instances of suspected corruption?
- ✓ How are suspected cases of corruption or mismanagement investigated and eventually prosecuted or sanctioned?
- ✓ What is the government or security sector's record in prosecuting personnel or authorities accused of corruption?

Box 13 Practical example: “Ex-servicemen’s group lauds PAC probe into Defence Ministry” deals.

In Malaysia, the decision of Parliament’s Public Accounts Committee to investigate certain financial decisions made by the Ministry of Defence became a subject of news coverage. The deals at the center of the parliamentary investigation covered decisions by the Ministry of Defence to sell off large amounts of land belonging to the armed forces. Reporting included the perspective of a civil society organization with a strong interest in the matter and knowledge of the investigation, and linked this issue to larger questions of the probity of defence purchasing processes. This example shows how security sector reporting can inform the public on the integrity of the use of public resources as well as the essential oversight roles of parliamentary committees and credible civil society organizations.

Sources: Sharin Aizat Noorshahrizam, Ex-servicemen’s group lauds PAC probe into Defence Ministry deals”, November 2020, <https://www.malaymail.com/news/malaysia/2020/11/19/ex-servicemens-group-lauds-pac-probe-into-defence-ministry-deals/1924102>

Further resources on corruption and mismanagement in the security sector:

- Guidebook: Strengthening Financial Oversight in the Security Sector by Nicolas Masson, Lena Andersson and Mohammed Salah Aldin, DCAF. Available at: https://www.dcaf.ch/sites/default/files/publications/documents/Financial_oversight_English_full.pdf
- Defence and Security Programme's Handbook, Building Integrity and Reducing Corruption in Defence and Security: 20 Practical Reforms, by Transparency International. Available at: <https://www.transparency.org/en/publications/2012-handbook-building-integrity-english>
- Reporting on Corruption: A Resource Tool for Governments and Journalists, by UNODC. Available at: https://www.unodc.org/documents/corruption/Publications/2013/Resource_Tool_for_Governments_and_Journalists_COSP5_ebook.pdf
- Training Manual: Reporting on Court Processes Pertaining to Corruption and on Investigative Journalism, by Council of Europe. Available at: <https://rm.coe.int/training-manual-reporting-on-corruption-investigative-journalism-en/16807823b4>

Image: Members of the press and the Bolivarian National Guard, pictured outside the Federal Legislative Palace, in Caracas, on May 15, 2019 © AFP/Ronaldo Schemidt.