

# Use of Transparency to Curb Corruption: an international case with lessons for Canadian professionals

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## EXECUTIVE SUMMARY

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In November 2016 the International Federation of Accountants (IFAC) announced that it has focused on intensifying the profession's activities in ways that will have a significant and lasting impact in reducing fraud and corruption. These efforts concentrated on stronger governance across all organizations, capacity building, particularly in developing countries, and more transparency in public sector processes and financial information. Building on these efforts we bring a case that shows how tensions evolve as governance and transparency efforts are made to curb corruption. Professional accountants, uniquely positioned in this fight due to their accounting and technology skillsets, are encouraged by the IFAC and CPA Canada to protect organizational resources<sup>1</sup>.

Corruption, often defined as the abuse of entrusted power for private gain, is a global problem. And although corruption appears to be rampant in both developed and developing countries, the impact is disproportionate with the poor and most vulnerable paying the greatest price. Corrupt activities distort public spending leading to reduced access to essential services such as health and education, lower investments in infrastructure resulting in substandard quality of materials, and overall erodes trust in democracy leading to greater social division. However, little attention has been paid to how governments, with the aid of accounting professionals are engaged in the fight against corruption and the challenges they encounter in doing so.

This report results from a case focused on the role of internal control weaknesses with a particular focus on accounting-based information systems (ABIS) that allows corrupt practices to go unnoticed and persist. The research is important and contributes to our understanding of accounting in the following ways: first we identify some of the methods used by individuals in power to divert labour and financial resources for personal gain, and second, the research makes professional accountants working in the fight against corruption aware of how networks can be organized to work around the rules when strong unions are present and the handful of employees that control the access to coding and databases cannot be subject to effective internal controls.

The fight against corruption is immensely important and, it is crucial for CPAs to continue to work with and educate business employees, business partners, and other professionals in new technologies, and modes of preventing and detecting red flags and in promoting transparency efforts. We build on the case of a municipality outside Canada to tackle relevant questions:

- 1) how public officers view transparency as a tool to enhance their leadership positions?
- 2) why having intricated knowledge of ABIS allows to expose or cover up corrupt practices?
- 3) why transparency without changes in the ABIS infrastructure is short lived?
- 4) does transparency curb corruption in all environments and contexts?

A major limitation of our study is related with the data obtained in interviews that cannot be fully disclosed due to fear of reprisals.

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<sup>1</sup> <https://www.ifac.org/knowledge-gateway/building-trust-ethics/discussion/fighting-corruption-requires-accountants-act-here-s-how> and <https://www.cpacanada.ca/en/news/pivot-magazine/2021-04-27-cpas-aml-fight>

# Financial Crime and Money Laundering

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Financial crime involves illicit financial flows from crimes such as corruption, fraud, piracy, smuggling, counterfeiting, drug and human trafficking. These types of crimes have serious negative consequences and erode the fabric of society through violence and social harm affecting many, both directly and indirectly. Money laundering is the masking of proceeds of crimes as legitimate. It is also described as the process employed to disguise the source of money (assets) derived from criminal activity. Money laundering cannot exist by itself; it needs first the commission of profit-motivated crimes that are referred to as predicate offences.

Financial crime is “big business” moving US\$2.1 trillions per year<sup>2</sup> and Canada’s share of laundered money became more visible reaching CAD 46.7 billions in 2018<sup>3</sup>. The impact of money laundering is negative for Canadians as it affects our lives in many aspects and not only tarnishes Canada’s reputation. This is a transnational problem that evolves daily thanks to advisors and professionals building sophisticated structures and taking advantage of technological advances in e-commerce and financial products to obscure the money trail tracing back to profit-motivated crimes. It includes the device of apparently legal schemes such as trade-based money laundering<sup>4</sup>.

There are also professionals combating financial crime and money laundering. The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) performs data intelligence upon which law enforcement authorities act, together they combat money laundering. Although money laundering processes and techniques are varied, they normally involve three steps<sup>5</sup>:

- Placement: introduce the proceeds of crime in the financial system;
- Layering: transform the proceeds of crime by creating complex layers of financial transactions to disguise the true source and beneficial ownership of funds; and,
- Integration: places the laundered money back in the economy under an appearance of legitimacy.

In November 2019 the accounting firm Deloitte released a position paper arguing financial crime reduction is a public safety issue<sup>6</sup>. To effectively identify, investigate, enforce, and mitigate financial crimes through the trail left by the laundering of its profits it is necessary to agree on resources, policies, processes, and infrastructure at the federal, provincial, and private-sector levels. The same position paper suggests a central role for data analytics and praises the advancements towards beneficial-ownership transparency.

However, the majority of advisors and professionals are in neither camp, but occasionally might be exposed to suspicious transactions or enter in contact with some players that taking advantage of stressors, might reel them into money laundering rings using diverse methods and tactics.

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<sup>2</sup> <https://www2.deloitte.com/ca/en/industries/government-public-services/combating-money-laundering-fight.html>

<sup>3</sup> <https://www2.gov.bc.ca/assets/gov/housing-and-tenancy/real-estate-in-bc/combating-money-laundering-report.pdf>

<sup>4</sup> <https://www.gao.gov/assets/gao-20-314r.pdf>

<sup>5</sup> <https://www.fintrac-canafe.gc.ca/fintrac-canafe/definitions/money-argent-eng>

<sup>6</sup> <https://www2.deloitte.com/ca/en/industries/government-public-services/combating-money-laundering-fight.html>

# Corruption and Risk Assessment

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Cases of fraud and corruption in the public eye have been on the rise in recent years. Canada's position in the Corruption Perception Index compiled by Transparency International shows a steady decline since 2012, being left out of the top 10 countries in 2019<sup>7</sup>. The same report cites two major reasons for Canada's decline: "snow washing" and corruption. Although we understand what corruption is, the results of the corruption perception index points to a much more fundamental problem for Canada. The decline in position indicates much more people do not have confidence that the public resources are being used for the intended purposes and the linages among public institutions and the institutional propensity towards corruption are increasing. In other words, public trust in the anti-corruption systems and barriers is being eroded. If left unchecked, the likelihood of corruption increasing is also high. The perception of a lack of relevant transparency, accountability and monitoring systems directly translates into a risk / reward trade off, as many would believe that the rewards of engaging in corrupt practices far outweigh the risks.

According to the RCMP, corruption happens "*when a person in public office receives an undue reward to influence their behavior in office, contrary to the rules of honesty and integrity*"<sup>8</sup>. Corruption unfairly determines the winners of contracts in return for 'kickbacks' as were the cases of the Canadian federal government sponsorship program (Neu, Everett, Rahaman and Martinez, 2013b), "Clean hands" scandal in Italian government procurement practices (Sargiacomo, Ianni, D'Andreamatteo and Servalli, 2015), and the implementation of government accounting systems in Francophone Africa with the goals of increasing accountability and reducing corruption (Lassou and Hopper, 2016). However, local laws, how they are enforced, the business traditions and culture paint many gray areas for Canadian professionals involved with non-Canadian organizations.

Corruption is often associated with public servants demanding or taking money in exchange for services, politicians misusing public money or granting contracts to their friends and family, and corporations bribing officials. Corruption comes in different forms, and what might be corruption in one cultural context is not in another. Examples of gray zones and how to test them are<sup>9</sup>:

- Gifts or entertainment: test if it is disproportionate generous and its timing;
- Facilitation payments: test if fast tracking/preferential treatment payment is part of the contract;
- Conflicts of interest: test if the decision can be publicly disclosed without raising eyebrows; and
- Political and charitable donations: test if the company's bottom line is affected if not done.

Organizations and advisors issue guidelines to deal with corruption, where identifying and analyzing risks is an essential step, but not all professionals are fully aware of how to protect themselves. Corruption has no boundaries, and it is the result of the context within which corrupt activities occur, implying the means of curbing corruption in diverse places may be different.

In many cases, corruption poses a threat to the personal safety of the entangled professionals, their families and employees. In certain environments, corruption makes the normal business very

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<sup>7</sup> <https://www.transparency.org/en/news/cpi-2019-Americas>

<sup>8</sup> <https://www.rcmp-grc.gc.ca/en/corruption>

<sup>9</sup> <https://www.iblfglobal.org/anti-corruption-sme-toolkit>

difficult. Independently of our position in the organizations' hierarchy (Board member, C-suite officer, senior or junior manager, or a rank-and-file employee), we need to understand what might constitute corruption in the local environment and in Canada, the transactions or areas more exposed and its consequences. We can prevent ourselves from being trapped in corruption by:

- Setting up rules and live by them with the example set at all levels and opportunities.
- Setting and updating guidelines to collect and dispose funds (procurement and sales).
- Making an effort to know our customers, suppliers and business partners in general.
- Openly discussing gifts, entertainment, political or charitable donations and sponsorships asked and provided to know the limits.
- Designing mechanisms for anybody to report suspected asks or transactions and act upon them.
- If detected, penalize corrupt practices and disclose the outcome without many details.
- Create awareness, recognize and reward good behavior.
- Train all employees and business partners on a regular basis (face-to-face, informally).
- If part of a global supply chain, adopt the guidelines and compliance requirements of the most demanding link, normally it will be a large Canadian and US company.

Perception plays a key role where seemingly innocents or well-intentioned acts in one context may be interpreted as corrupt in another context. Performing a corruption risk assessment<sup>10</sup> leads to having a clear corruption risk mapping<sup>11</sup> of the contexts in which we do business. There are tools also to do corruption risk assessments in public and government related organizations<sup>12</sup>.

Although is ideal not to be asked to participate in acts of corruption, but sometimes it is not feasible to say no when there are real consequences in terms of intimidation, a threat to life, damage to property, interruption of operations or circulation, harassment or brutality. In extreme situations, if the exit is not an option, other tactics are employed to reduce consequences' severity<sup>13</sup>:

- Displace responsibility for the denial from individuals and place it on documents and policies.
- Being part of a network of professionals that share information on corrupt practices allows to estimate if you are the victim of a rogue agent, in which case whistle blowing is a real option.
- Ignore the indirect and subtle solicitations as much as you can arguing different cultural patterns.
- Give the impression you are not the decision maker, ask for a written solicitation to be taken up the company's hierarchy for a decision; and
- If all else fails, negotiate extensively to achieve minimums, and engage in the corrupt practice documenting all steps, people involved, and monies/goods/services exchanged to be reported immediately to your company managers and Canadian authorities when safe.

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<sup>10</sup> [http://www.unglobalcompact.org/docs/issues\\_doc/Anti-Corruption/RiskAssessmentGuide.pdf](http://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/RiskAssessmentGuide.pdf)

<sup>11</sup> [http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/integrity/instruments-and-tools/risk\\_mapping\\_guide\\_june\\_2015.pdf?la=en](http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/integrity/instruments-and-tools/risk_mapping_guide_june_2015.pdf?la=en)

<sup>12</sup> <https://www.unodc.org/unodc/en/frontpage/2020/August/unodc-launches-state-of-integrity--a-guide-on-conducting-corruption-risk-assessments-in-public-organizations.html>

<sup>13</sup> [https://issuu.com/transparencyinternational/docs/2001\\_resist\\_en?e=2496456/2886574](https://issuu.com/transparencyinternational/docs/2001_resist_en?e=2496456/2886574)

## Transparency as a tool to curb corruption

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Multilateral organizations have mandated anti-corruption barriers and promote transparency and accountability across all sectors of society (Transparency International, 2020). There is agreement that accounting practices when fostering transparency and involvement of the civil society can help reduce the level and cost of power abuses by individuals working in the government (García Callejas, 2018). Easy access to information, free media, organized citizen groups coupled with committed citizens are essential for government accountability and can be used to reduce the bad use of government power to advance individual interests (Rose-Ackerman, 2005).

Lower levels of corruption are associated with higher transparency (Ferguson, 2019), and transparency, in turn, is achieved when government accounts are publicly disclosed (Kendall, Petheram, George and Stirling, 2020). It is generally accepted that holding government officials or corporations accountable is coupled with the use of the transparency of information. While this may be true, transparency practices may not provide the intended benefit if no one is paying attention (Johnston, 2015) or if the government is isolated from public opinion (Rose-Ackerman, 2005).

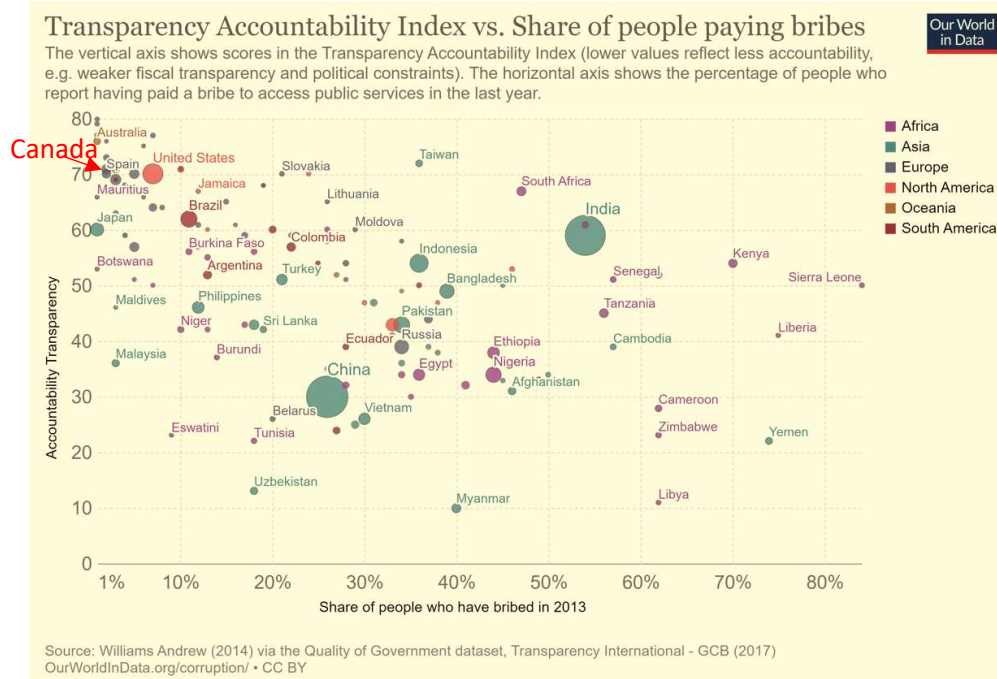
Transparency can be operationalized through three elements (Neu, Everett and Rahaman, 2015):

- Records need to be informative (include enough details to identify all key elements of the transaction and its steps), combinable (records of transactions can be combined and calculated in diverse manners to generate new insights) and transportable (records and their aggregates can be easily shared with other offices and the public);
- Audits and inspections to be randomly executed or at least its timing not decided by the affected offices (they can include fraud audit in cases of non-compliance or whistleblowing, compliance audits to test if rules were followed, or performance audits more interested in assessing value for money of services and goods received); and
- Detailed reporting of records and audits within the government and to the public in multiple formats and sources.

Multilateral organizations have dictated that increasing transparency in government accounts and decisions can decrease corruption. In order to be accountable, accounts must be disclosed (Lopez, Merino and Morales, 2011) and accounts can only be disclosed if governments have the resources to keep them in a consistent manner (Carrillo, Loría and Heredia, 2015). The diffusion of frameworks designed by multilateral organizations depend on strong institutional characteristics and information infrastructure that facilitates citizen's easy access to information (Rose-Ackerman, 2005). But they also depend on updated and agile accounting-based information systems.

# Accounting Based Information Systems (ABIS) are a necessary condition for transparency

A central aspect of transparency is the set of accounting-based information systems that need to be deployed before making any accountability feasible to expose corrupt practices.



ABIS is a transaction-based system that records and organizes all economic events taking place in organizations. They generate reports for regulatory agencies, but most importantly, they produce information used in the routine decision-making process within the organization.

Anticorruption organizations argue that corruption is rectifiable through accounting technologies rooted in ABIS. Integrated financial management information systems are mentioned, but to be effective in government settings there are necessary conditions such as comprehensive budgets, coding that links results to inputs, and cheap and reliable information technology (Hopper, Lassou and Soobaroyen, 2017; World Bank, 2014).

ABIS and their focus on reporting unbiased and non-doctored data have helped to shed light on corrupt activities within governments such as politicians and their networks, however, few studies have been dedicated to how governments attempt to prevent corrupt activities (Ackerman, 2004; Everett, Neu and Rahaman, 2007; Johnston, 2015; Macdonald, 1985) and the struggles faced in trying to overcome these practices where the perception of corruption is high.

Multilateral organizations have all focused on corrupt governments, and the World Bank report on Corruption Spotlight identifies that anti-corruption strategies must be feasible and to be successful, these strategies must be aligned with the interests of important stakeholders (Khan, 2017); however, very little research has been done on a detailed or contextual level to understand the specific groups involved and how these corrupt activities persist for extended periods of time through the controlling of ABIS's most fundamental settings.

## Governance and Internal Controls to safeguard ABIS

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Noticing red flags and reporting suspicious asks or transactions is the first line of defense against corruption; however, some corruption approaches are subtle, with first instances being invisible to Canadian professionals. Corruption is multifaceted and, although generally viewed as the movement or redirection of public resources for personal gain, it may also involve redirecting the workforce, subtly deciding who gets hired, and creating divisions within groups preventing internal control and transparency from being effective.

Accounting and ABIS can be used by different interest groups both to shed light on or distract from particular information that reflects corrupt practices. In some contexts, professional networks are more powerful than elected government officials who have no control over ABIS, their architecture, modules and content. Transparency practices help to curb professional networks' power and elected governments officials rely on transparency and the public as safeguards against entrenched corruption.

Controlling ABIS and maintaining them outdated or under the control of a small group is a tactic employed to hide corruption. It is achieved by professional networks through a sense of loyalty that is gained from the new employee when the employee perceives the job has been offered by the professional network and not the organization or government.

There is greater support from the existing employees when a family member is employed, as it gives the existing employee a network of control. These perceptions are maintained through conversations of loyalty that take place in social networks outside the workplace such as in families and other social gatherings. Union leaders, through this conditioning process, are well positioned to acquired support partly through the strategic means of being perceived as the ones offering employment.

It is a timely discussion to keep advancing our understanding of how ABIS, internal control practices, and governance mechanisms are implicated in the strategies used to safeguard against corrupt practices (Neu, Everett and Rahaman, 2015) and how institutions strive toward stronger internal controls and governance mechanisms (Hopper, Lassou and Soobaroyen, 2017; Johnston, 2015; Lassou and Hopper, 2016; Lassou, Hopper and Soobaroyen, 2020; Neu, Everett and Rahaman, 2013a; Neu, Everett, Rahaman and Martinez, 2013b; Power, 2013; Sikka and Lehman, 2015; Sargiacomo, Ianni, D'Andreamatteo and Servalli, 2015).

Starting from the premise that internal controls and governance practices are used to safeguard against corrupt practices, we delved into the details of the accounting practices associated with the accounting-based information system to show how weaknesses in the internal controls are exploited for the diversion of resources.



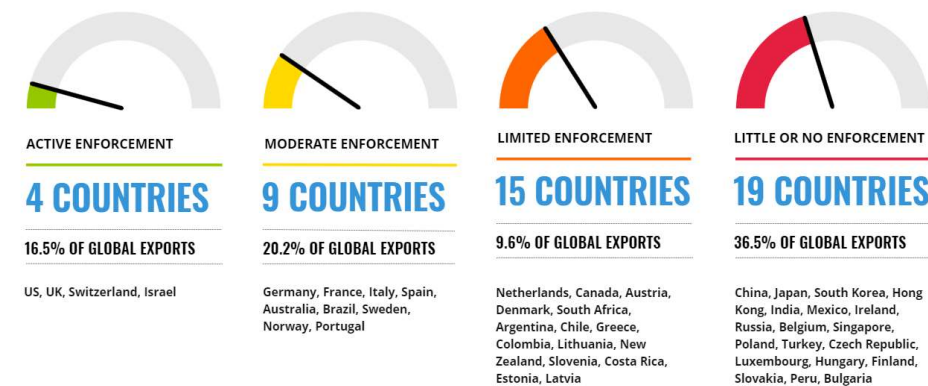
# The case of a municipal government and its employees

To illustrate the diverse forms corruption can take and how transparency is used as a tool to shift power we considered the case of tensions between a municipal government and a union when all employee salaries were made public. This move made by the municipal government gave the public some insight into employment, ABIS and internal controls practices on both sides and it exposed accounting control weaknesses and corrupt activities that would have continued unchecked. The control over ABIS, their architecture, access and parametrization are of central importance to eliminate corruption and fraud but seldom is on the spotlight.

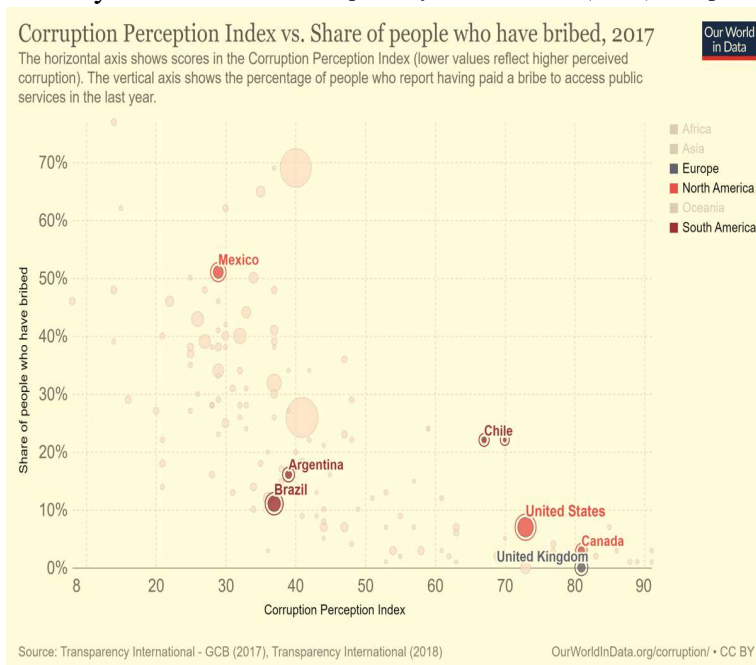
Our study relies on multiple data sources including interviews, informal conversations, court proceedings and newspaper articles and takes an in-depth look at a case in one of the largest municipalities in Argentina. Four questions guided our analysis:

- 1) how public officers view transparency as a tool to enhance their leadership positions?
- 2) why having intricate knowledge of ABIS allows to expose or cover up corrupt practices?
- 3) why transparency without changes in the ABIS infrastructure is short lived?
- 4) does transparency curb corruption in all environments and contexts?

In many aspects, lessons learned from this case are applicable to Canadian professionals and institutions. On one hand both countries have a limited enforcement against foreign bribery.



Source: Transparency International (2014). "Exporting Corruption"



However, the perception of corruption of public officers differs, putting Canadian professionals in an environment with lower perceived corruption where bribes are less common.

## 1) How public officers view transparency as a tool to enhance their leadership positions?

To foster transparency, the list of municipal employees was published in May 2017<sup>14</sup>. This move is aligned with key recommendations of multi-lateral organizations in the fight against corruption. The municipal government started to work on an open government initiative in December 2015 after investing the 4 previous years in understanding the information system, the linkages and weaknesses. As soon as the list was disclosed the union launched a legal challenge to remove it and prevent employees' private data to be publicly available<sup>15</sup>.

After the list of employees was published, the public went through the more than 10,000 records and found several irregularities such as: the same person working in two places and getting two salaries<sup>16</sup>, people working in the private sector at the same time or being in jail<sup>17</sup> but collecting a salary from the municipality, and as expected, several relatives of current and past employees that might not have the capacity/knowledge/training to be in the positions they were. These revelations weakened the union and its leader who had retained his position for 33 years<sup>18</sup>.

The union of municipal employees is powerful, causing several strikes per year during the last 30 years. Municipal politicians and management avoid strikes by conceding to union's demands. A Mayor elected in 2011 (4 years mandate) faced an uphill battle with the union with several strikes of garbage collectors, tax services, etc., with 200 out of 260 working days affected in 2012<sup>19</sup>. In 2015 the Mayor was re-elected on the electoral promises of investing in infrastructure and curbing the union power. Transparency of accounts proved to be one of the most powerful tools, particularly transparency of employment where payroll costs<sup>20</sup> decreased after some abuses were exposed. Between 2003 and 2011 the net headcount increased by more than 2,000 employees, but between 2012 and 2019 the net headcount increase was 85. Transparency also influenced capital expenses as they went from 4.44% of total expenses in 2012 to 15.10% in 2018.

## 2) Why having intricated knowledge of ABIS allows to expose or cover up corrupt practices?

All accounting records in this municipality are based on a centralized system of databases managed in COBOL using a code that traces back to the 1970s. The Accounting module is a local development on an IBM AS400 not based on cost centers or service areas. The reporting was not user friendly and high-ranking officers were not able to generate or obtain summaries of the activity or estimate effectiveness and efficiency measures. For instance, the interface between the accounting and payroll modules consists of human resources sending one file per year with the information of employees and payroll<sup>21</sup>.

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<sup>14</sup> <https://gobiernoabierto.cordoba.gob.ar>

<sup>15</sup> Expte. "D" -40/17, SACM n° 6319194 - Chamber of Accusation, Córdoba (Legal Weekly N°: 2177, 10/19/2018)

<sup>16</sup> [https://servicios.cordoba.gov.ar/ReciboDigital/Documentos/AGENTES\\_ABRIL\\_2017.pdf](https://servicios.cordoba.gov.ar/ReciboDigital/Documentos/AGENTES_ABRIL_2017.pdf) and a quick search among the first 2,000 records allowed us to identify 9 employees listed as collecting two salaries in different areas that might be performed at the same time of the day.

<sup>17</sup> <https://viapais.com.ar/cordoba/1462998-tenia-dos-condenas-judiciales-pero-seguia-siendo-municipal-lo-echaron-este-martes/>

<sup>18</sup> <https://www.lavoz.com.ar/ciudadanos/despues-de-33-anos-el-suoem-tendra-nueva-secretaria-general> and <https://www.diarioalfil.com.ar/2018/11/06/quien-auditara-33-anos-de-daniele-en-el-suoem/>

<sup>19</sup> <http://diarioalfil.com.ar/septimalinea/la-relacion-inversa-entre-poder-gremial-y-poder-municipal/>

<sup>20</sup> <http://www.cadena3.com/contenido/2014/10/01/135488.asp?titulo=Denuncian-que-Mestre-gasta-el-70%-de-recaudacion-en-sueldos>

<sup>21</sup> [https://servicios2.cordoba.gov.ar/docs/licitaciones/2016/004222/aclaratoria\\_2.pdf](https://servicios2.cordoba.gov.ar/docs/licitaciones/2016/004222/aclaratoria_2.pdf)

One of the technical challenge municipal officers needed to overcome to enhance transparency was to link payroll with ABIS. First expenses were separated by their nature and then match the expenses reported in salaries, wages and employees benefits to the separated payroll system. After every record in payroll was linked to the budget execution system, a report is generated where all employees are listed with their salary and area of service identified.

ABIS separated reporting of payroll and budget execution several manipulations such as: configuring new non-existing employees attached to a third-party bank account, duplicating names in the payroll system, generating accounting-based reports, and manipulating capital budgets to include labor. The disconnection allowed employees, supported by the power of the union, to have direct control over pocket wages and the persons employed. This allowed the emergence of corrupt practices that, after decades, were institutionalized and became a normal expectation.

### 3) why transparency without changes in the ABIS infrastructure is short lived?

Without a change in ABIS and a parametrization around cost centers and types of expenses, the transparency initiatives required a significant investment of hours by technically qualified professionals. The manual classification of expenses revealed that in 2012 capital expenses represented 13.99% of total expenses, but within “physical investments” we find wages and salaries for public works resulting in actual capital investments of only 4.44% of total expenses.

The disruption presented by the disclosure of employees and salaries suggests ABIS knowledge and practices were instrumental in generating the change needed in the reporting systems’ architecture. The issues discovered on how data is collected, stored and processed in the Municipality’s ABIS had the immediate effect of launching the procurement of new ABIS hardware and software. However, a change, if persistent or not is determined by citizens’ demands for disclosure of public accounts (budgets and employees’ salaries) in the Municipality web portal.

The changes introduced with transparency tactics seem to be persistent in the lack of tolerance for blatant abuses<sup>22</sup>. However, the initiatives were short lived without a change in ABIS software and hardware because the list of employees was last published June 2019 with none since a new Mayor took office and the procurement of new software and hardware has not advanced either.

### 4) does transparency curb corruption in all environments and contexts?

It can be argued that accounting is a hinderer of corruption because it allowed some members of the Mayor’s office to dissect the budget, isolate all human resources expenses and report them in a different format. Being transparent by reporting the budget in a computerized spreadsheet with some degree of details secured in a blockchain environment allowed the public to see how collected taxes were used by the Municipality and abused by some employees.

Salaries’ relative weight reduction and containment of headcount are attributed to transparency initiatives and public pressure. ABIS and internal controls knowledge were instrumental in generating and perpetuating corrupt practices that redirected resources from citizens to unionized employees. However, transparency by itself cannot prevent corrupt practices and can be manipulated to make difficult to the public to scrutinize government decisions leaving the door open to make very arbitrary allocations of resources.

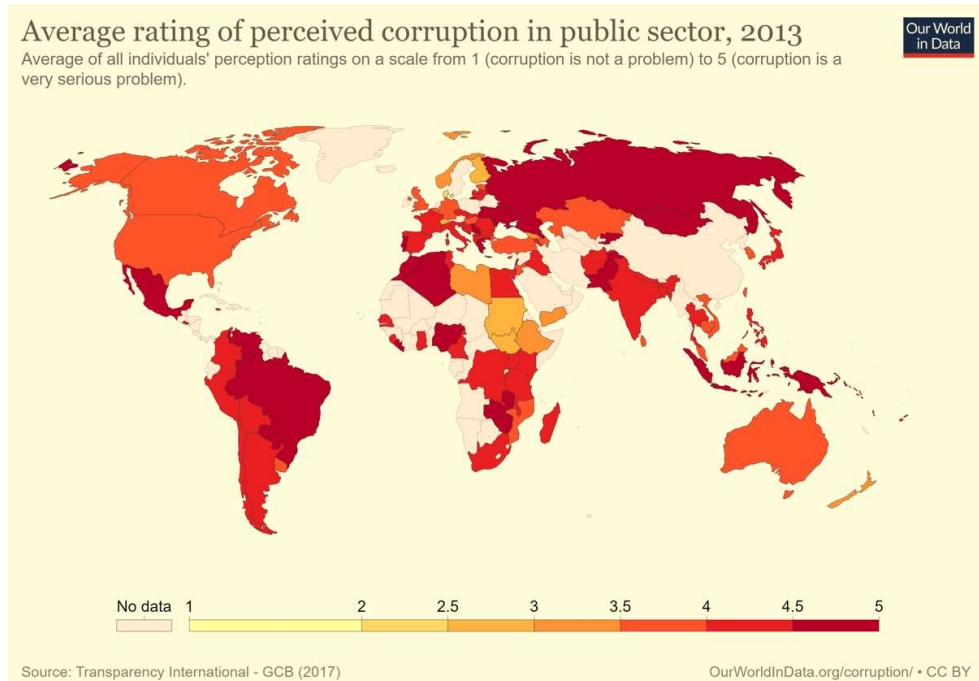
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<sup>22</sup> On September 2019 a list of 206 employees was reported to a prosecutor documenting they have never worked and yet have been collecting salaries for years. Source: [https://eldoce.tv/politica/denuncian-empleados-esop-no-trabajan-cobran-sueldo-surbacc-saillen\\_90301](https://eldoce.tv/politica/denuncian-empleados-esop-no-trabajan-cobran-sueldo-surbacc-saillen_90301)

# Takeaways from the case for Canadian Professionals

Corruption and fraud are frequently mentioned in public policy debates, but little is linked to controlling ABIS. Because of its nature, away from the public eye and proprietary of each organization, little is known about the processes and mechanisms in which ABIS are manipulated to facilitate corruption and fraud. Transparent publication of reports generated using ABIS has the potential to curb corruption. However, professionals might be inadvertently supporting corrupt practices if they do not understand and question the governance of ABIS.

Canada's public sector is perceived as less corrupt than Argentina's public sector; however, the role of ABIS is hidden and it might not affect the perceived corruption unless it is exposed using transparency tools.



This case, although foreign, provides suggestions for Canadian organizations and individuals:

- Despite corruption is not prevalent in Canada, it can take multiple forms sometimes difficult to see if we are not looking for red flags;
- Entrenched corruption is the result of years or decades of doing things in a certain way and never being challenged;
- Stressors place individuals in a precarious situation making us prone to concede to corrupt practices;
- If forced into a corrupt practice, assess if there is potential harm to be suffered, if none, exit the situation;
- Transparency of accounts and decisions allows the public to act as auditors and the press to channel and communicate results;
- Transparency is a powerful tool against certain forms of corruption, but for it to be effective needs suitable accounting based information systems, sustained in time and automated as much as possible;
- Accounting based information systems are a tool that can curb corruption or make it persistent, all depending on who has control over their architecture, parametrization and content.

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