

**EXPERIENCES OF THE SUPREME CHAMBER OF CONTROL OF THE  
REPUBLIC OF POLAND  
IN DISCLOSING CORRUPTION**

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Mr. President,  
Chairmen,  
Dear Colleagues,

I wish to thank our Colleagues from South Africa for their efforts made to organise this 9th International anti-Corruption Conference, and offer us an opportunity to openly and frankly exchange experiences and opinions on this vital subject.

Corruption can be found in every society and every political system. Everywhere it is equally detrimental to the functioning of the public and the business sector, bearing upon the effectiveness of administration and productivity of commercial undertakings.

The Supreme Chamber of Control of the Republic of Poland is the supreme organ of state audit reporting to the Parliament and taking up audits on its own initiative or recommendation by the Parliament. Our task is to eliminate or minimise factors which account for the growth of unethical activities in public life and limit corruption. Our audit findings offer us vast opportunities to highlight unethical activities displayed by public servants, local Government employees, members of management of industrial enterprises and all sorts of companies which use state resources or property in their everyday work.

The experience so far collected by the SCC indicates that the existence of effective and reliable internal control systems contributes to eliminating corruption and fraud.

For instance, in the course of an audit of one of our Ministries it was discovered that a Minister's Plenipotentiary had been certifying fictitious liabilities of the State Treasury, which would then be put on sale, thus allowing fraudsters to obtain tax write-offs illegally. The internal control unit disclosed this fraud, and the proper law enforcement agencies were informed.

Last year the Parliament passed the Public Finance Act which forms a public finance code, establishing

- the rules on the accumulation and expenditure of public resources,
- ways to ensure transparency in public finance, and
- accountability for breaches of public finance discipline.

In the last two years the Chamber notified the proper Committees of about 700 cases of breaches of public finance discipline. The Public Finance Act envisages a rigorous system of penalties for such breaches, which include fines and bans on holding management positions where decisions on public finance disposal are made for a period of 1 - 5 years.

In addition, the fact that an employee in a public body has been punished with a reprimand or fined, has an impact on subsequent assessments of that person “conducted on the grounds of other acts” with all ensuing legal consequences.

Our experiences indicate that the area of public finance is marked by a high risk of occurrence of corruption. This is true in particular about the areas where the public and private sectors meet.

In the context of the economic transformations taking place in Poland, there emerge numerous areas where detrimental activities, such as corruption and fraud can take place.

Experiences so far collected by the SCC indicate that the occurrence of the following creates conditions conducive to corrupt practices:

- an ineffective taxation system
- insufficient vindication of state Treasury claims,
- an extensive system of customs and other tax exemptions,
- an extensive system of licenses and permits,
- irregular privatisation procedures, in particular illegal take-overs of state property by companies established on the basis of privatised enterprises,
- incorrect management of special public funds,
- banking operations involving the granting of credits, loans, issuing bank warranties and guarantees.

Following each audit the Chamber issues an audit report which contains an assessment of the audited activity. If irregularities have been disclosed, the report also includes comments and recommendations on their elimination.

Regardless of the above, if the auditors have discovered irregularities for which particular persons employed by the audited body are accountable, the SCC may address that public body to indicate that these persons should not occupy the given posts.

The SCC may base such recommendations not only on breaches of the law but also on unethical conduct. This assessment may be used to

- initiate disciplinary proceedings,
- terminate employment
- dismiss the employees in question from their posts or functions.

If in the course of an audit irregularities indicating the occurrence of crime have been disclosed, the Supreme Chamber of Control informs the proper law enforcement agencies. In the last three years the SCC notified the proper authorities of 280 such cases

Disclosing negative effects of trade in the state Treasury debts has led to strengthened supervision of investment purchases made with budget resources. In practice, making audit findings and assessments of activity studies publicly known often contributes to preventing corrupt practices.

As a result of an audit carried out by the SCC the Head of the National Police Headquarters made a decision preventing local Police units from accepting donations from certain sources, mainly physical persons and private firms. Among factors responsible for corruption one should also list growing competitive pressure in the economy, which will push competitors to

use any means available to improve or keep their market position, for example with public procurement contracts.

The Public Procurement Act imposed the obligation to tender out for contracts financed with public resources and strict methods to select the provider.

An important role in counteracting corruption is played by the mechanism of removing discretionary components from decisions made by persons in public positions, in order to protect such persons from all sorts of pressures.

A number of legal initiatives have been aimed at minimising this threat.

They include

- a statutory ban on combining posts in governing bodies of commercial companies and foundations with managing positions in state administration,
- imposing statutory limitations on business activities by persons who are managing public sector positions throughout the entire period of their service.

Breaches of the above are treated as public service offences, leading to official censure, termination of employment or dismissal from a public post.

One common characteristic of many professions is the obligation to perform one's professional duties conscientiously, impartially and objectively, observing proper codes of conduct both in and out of service.

Other common components are bans on

- combining public functions with business activities,
- seeking employment with the business sector in a managing or other capacity,
- involvement in political activities or membership of political parties.

Such bans apply to judges, public prosecutors, policemen, employees of the State Security Office, SCC employees, Civil Servants and others. Here, too, breaches of service duties and of the aforesaid bans will lead to disciplinary action.

### **Conclusions**

As shown in this short presentation, corruption occurs in Poland, too.

It is the task of institutions and organisations represented at this Conference to limit the occurrence of this phenomenon. SAIs in particular countries enjoy prestige and a special status, but left on their own can achieve little.

It is necessary to initiate in each society joint actions, involving both Government and non-Government organisations, in order to remove detrimental attitudes from public life, and promote ethical and reliable work styles among Civil Servants, Governing Bodies and all kind of management.