

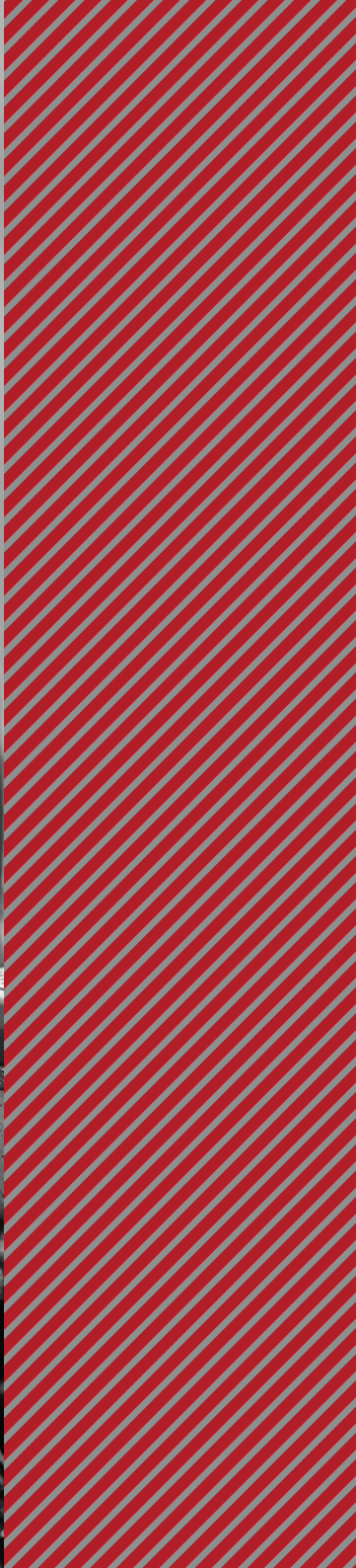


MINISTRY OF DEFENCE
OF UKRAINE



ANTI-CORRUPTION ACTIVITY OF THE MINISTRY OF DEFENCE OF UKRAINE IN 2015

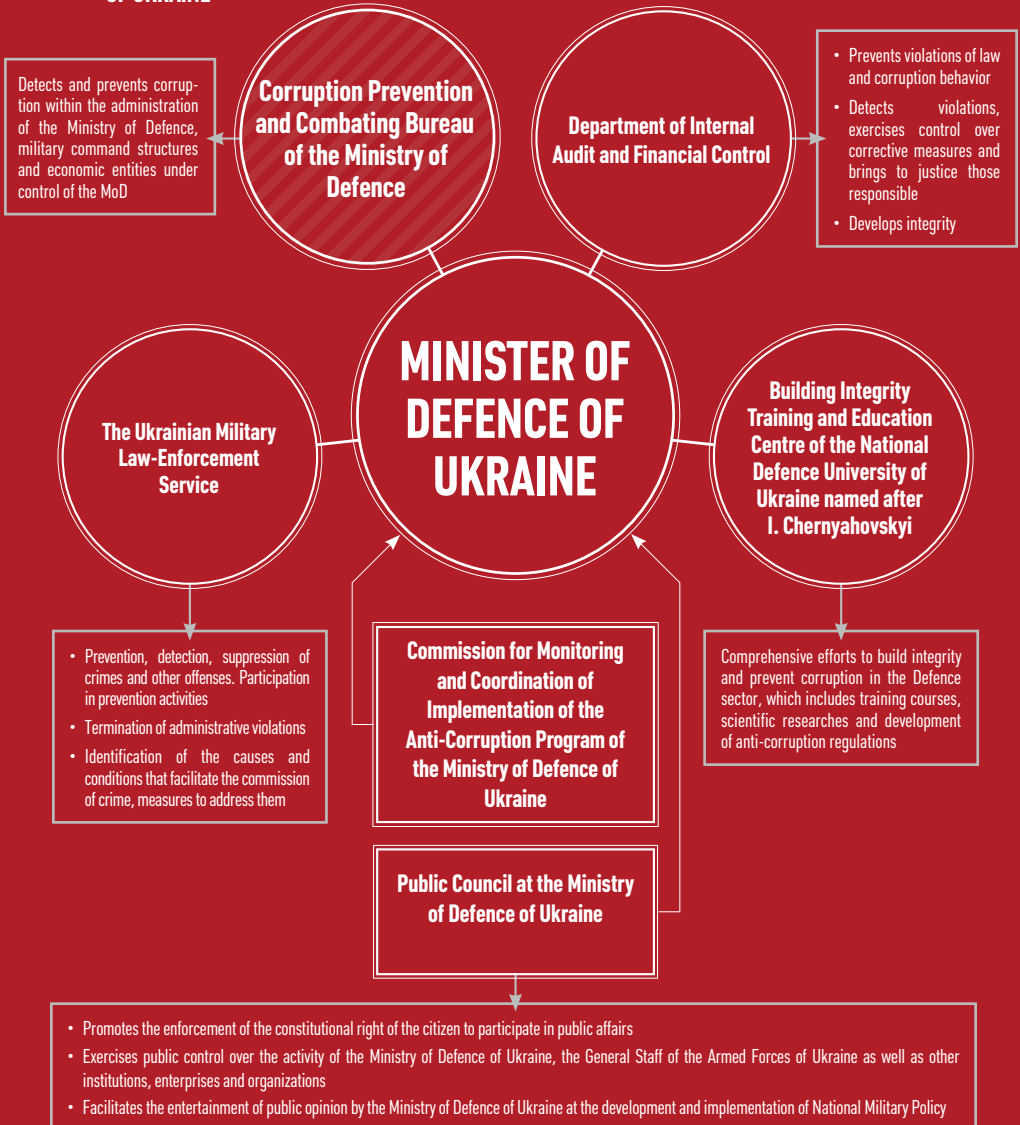
OVERCOMING CORRUPTION – IS A STEP TOWARDS
INTEGRITY, TRANSPARENCY AND ACCOUNTABILITY





MINISTRY OF DEFENCE OF UKRAINE

MAIN STRUCTURAL UNITS IN THE MINISTRY OF DEFENCE OF UKRAINE RESPONSIBLE FOR COMBATING CORRUPTION





Combating corruption is one of the top priorities for the Ministry of Defence of Ukraine

Corruption significantly affects the level of national security and defence. The Ministry of Defence of Ukraine shall unite its efforts with the National Command Authorities, scientific and research institutions, and civil (non-governmental) organizations in order to eliminate corruption risks and implement the priority pillars of anti-corruption policy. This includes:

1. Establishment of an effective institutional mechanism to prevent corruption in the Ministry of Defence, military command structures of all levels, and the Armed Forces of Ukraine as well as to develop the capability to combat corruption in state enterprises, institutions, and organizations under control of the Ministry of Defence of Ukraine.
2. Development of personnel policy to ensure the integrity of military and civilian personnel as well as to establish a negative attitude towards corruption.
3. Zero tolerance to corruption offenses during operations in support of sovereignty and territorial integrity of Ukraine or participation of the Armed Forces of Ukraine in international peacekeeping activities.
4. Elimination of corrupt practices and reformation of public procurement procedures.
5. Improvement of efficiency in managing financial resources and transparency in implementation of budgetary programs as well as development and support of internal control system and reinforcement of institutional capacity of internal audit.
6. Establishment of preconditions for submitting reports on violations of anti-corruption legislation and introduction of effective and deterrent measures against the officials involved in corruption offenses.
7. Provision of openness and transparency as well as public involvement in preventing corruption.

Minister of Defence of Ukraine, General of Army of Ukraine
Stepan Poltorak

CONTENTS

01

**PREVENTING AND DETECTING
CORRUPTION IN THE DEFENCE SECTOR..... 6**

02

INTERNAL CONTROL AND AUDIT..... 12

03

**REFORMS IN THE MINISTRY OF
DEFENCE OF UKRAINE..... 19**

04

BUILDING INTEGRITY..... 20

05

OPENNESS AND TRANSPARENCY..... 22

06

INTERNATIONAL COOPERATION..... 24

07

**PRIORITIES OF THE MINISTRY OF DEFENCE
FOR COMBATING CORRUPTION IN 2016..... 26**

PREVENTING AND DETECTING CORRUPTION IN THE DEFENCE SECTOR

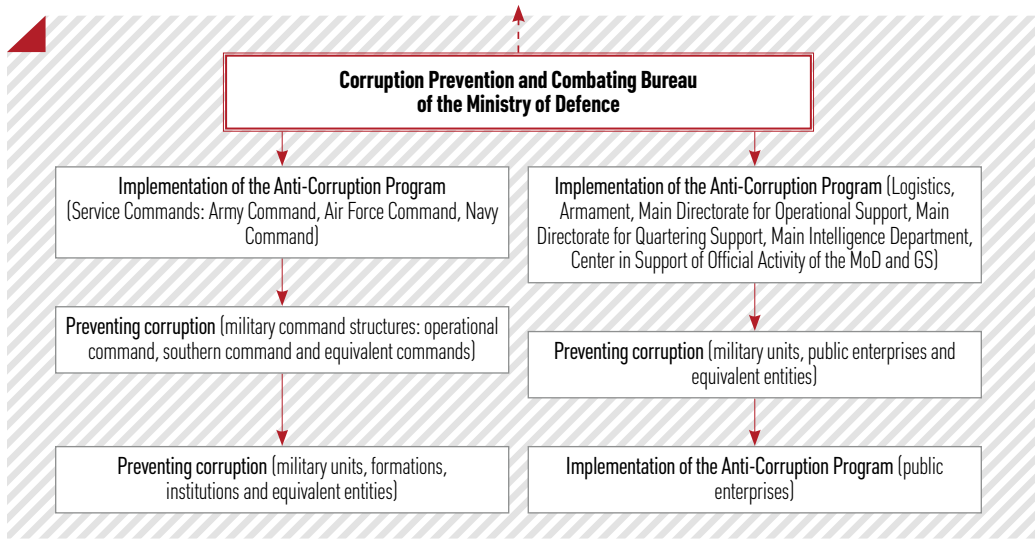
Ministry of Defence of Ukraine was the first central executive authority to develop the Anti-Corruption Program for 2015–2017

The Anti-Corruption Program of the Ministry of Defence for 2015–2017 is designed to create an effective system for preventing and detecting corruption in accordance with Article 19 of the Law of Ukraine “On Prevention of Corruption” and the Resolution of the Cabinet of Ministers of Ukraine No. 265 of 29.04.2015 “On approval of the State Program on Implementation of State Anti-Corruption Policy in Ukraine (Anti-Corruption Strategy) for 2015–2017”.

The Anti-Corruption Program of the Ministry of Defence of Ukraine considers the experience of developing similar documents by the Defence agencies of the United Kingdom, Norway, Poland, Bulgaria, Georgia as well as international non-governmental organization Transparency International.

Mechanism for preventing and detecting corruption in the Ministry of Defence and the Armed Forces of Ukraine





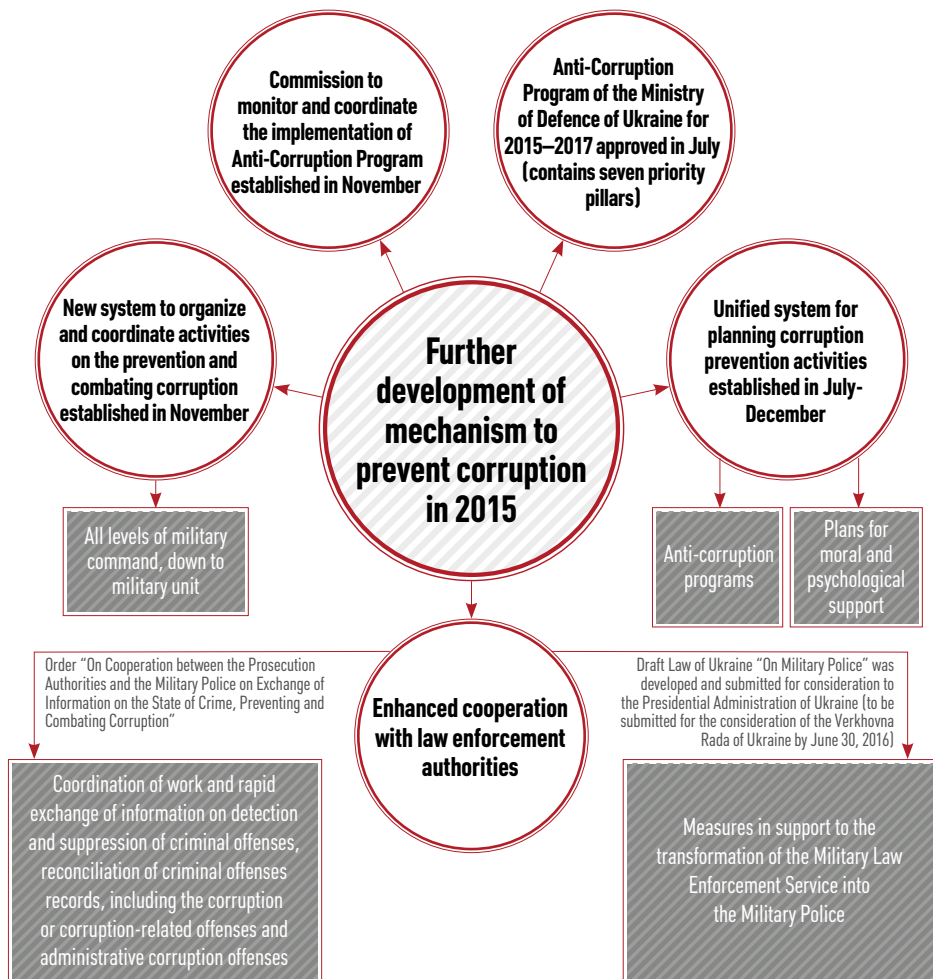
Mechanism to prevent corruption in the Ministry of Defence of Ukraine



PROGRESS







MINISTRY OF DEFENCE OF UKRAINE IMPLEMENTED AN EFFECTIVE MECHANISM TO PREVENT CORRUPTION IN 2015

→ 2015 has become the year of institutional development of mechanism to prevent and detect corruption in the Ministry of Defence of Ukraine through the elaboration of major regulatory acts in this area in accordance with the Law of Ukraine "On Prevention of Corruption"



INVESTIGATION OF CORRUPT PRACTICES IN MILITARY COMMAND STRUCTURES, MILITARY UNITS AND MILITARY COMMISSARIATS

Prevention of corruption or corruption-related offenses in military units operating in the area of ATO

-  Development of accounting procedure for material and financial resources provided to military units by volunteer organizations as well as private and legal entities in the form of charity
-  Introduction of amendments to anti-corruption legislation, including the simplification of procedure for special inspection and filing declarations by military personnel engaged in combat operations
-  In-site inspection (in the area of ATO) of procedures and practices on incentive payments for the damaged weapons and military equipment of the enemy
-  Establishment of Joint Monitoring Group with representatives from the Department of Audit and Financial Control of the Ministry of Defence of Ukraine and the Department of Finance of the Ministry of Defence of Ukraine at the ATO HQ
-  Inspection of violations related to the disposal of diesel engines for armored vehicles, implementation of personnel decisions on the induction of field-grade and company-grade reserve officers into military service during the mobilization, as well as violations in one of military institutes of Kyiv and corruption offenses in one of the military commissariats of Odessa region
-  Initiation of official investigation on the procurement procedures and quality control of body armor

Prevention of corruption or corruption-related offenses in military commissariats

-  **Analysis of corrupt practices** in military commissariats during mobilization
-  **Implementation of the pilot project “Open Military Commissariat”** and establishment of community centers within the facilities of military commissariats providing legal assistance to ATO participants and their families in resolving social problems
-  **Establishment of the Unified Register of Obligated Reservists**, which makes it impossible for a citizen of Ukraine to avoid conscription thus reducing the discretionary authorities of officials at military commissariats
-  In 2015, a total of **29 proceedings for offenses were introduced into the Unified Register of Pre-Trial Investigations** in relation to officials of military commissars

PROGRESS

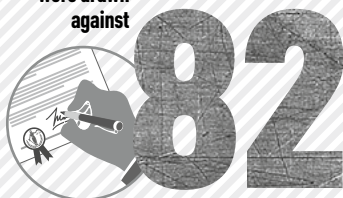
MILITARY LAW ENFORCEMENT SERVICE OF THE ARMED FORCES OF UKRAINE PERFORMED AN EXTENSIVE WORK IN PREVENTING AND COMBATING CORRUPTION

PROGRESS:



reports on detection of corruption or corruption related offenses or information on the commitment of such offenses were submitted to authorized agencies responsible for combating corruption

Indictments were drawn against



military and civilian personnel of the Armed Forces of Ukraine for committing criminal corruption or corruption related offenses, which is **2 times** more compared to 2014

Court sentences came into legal force in respect of



Additional forms of penalties were applied in respect of



military and civilian personnel of the Armed Forces of Ukraine were brought to responsibility for administrative corruption offenses, which is **2.2 times** more compared to 2014





INTERNAL CONTROL AND AUDIT

The increased amount of budget and public attention to the Ministry of Defence required additional measures to ensure the fair, effective, efficient, and transparent management of public resources allocated for defence

In 2015, for the first time the **Minister of Defence of Ukraine adopted a Comprehensive Action Plan on the Development of Internal Control for 2015–2017**. This plan provides for researches, development of normative and methodological documents, exercises and training, implementation of pilot projects, and introduction of amendments to regulations and job descriptions in part of internal control.

Internal Audit Priorities for 2015

PRIORITIES	ACTIVITIES AND FUNCTIONS
<ul style="list-style-type: none"> Development of internal control and risk management systems and building integrity 	<ul style="list-style-type: none"> Coordination of work on the implementation of internal control and risk management systems in the structural units of the Ministry of Defence, the General Staff of the Armed Forces, and other designated military command structures Development of risk management activity at the level of the Ministry of Defence Assistance to military and civilian commanders in the implementation of internal control and risk management systems Control over the results of implementation of audit recommendations Distribution and support of ethical values Development of legislative environment
<ul style="list-style-type: none"> Prevention of violations of laws and corrupt practices 	<ul style="list-style-type: none"> Implementation of operational audit (preliminary monitoring) for risky operations (including in the area of the anti-terrorist operation) and preliminary examination of settlement and cost-accounting documents Preliminary analysis of draft regulatory legal acts and managerial decisions on the management of financial, material and other public resources
<ul style="list-style-type: none"> Detection of violations, monitoring over corrective actions and bringing offenders to responsibility 	<ul style="list-style-type: none"> Risk-oriented planning Field and cameral audits (financial audits, compliance audits, performance audits, mixed and comprehensive audits) Participation in inspections, official investigations, commissions Submitting documents to law-enforcement authorities Monitoring over the implementation of proposals upon the results of supervisory activity
<ul style="list-style-type: none"> Providing assistance to military personnel and their families in obtaining adequate social guarantees 	<ul style="list-style-type: none"> Establishment of "hotline" in the Department for Internal Audit and Financial Control Consideration of appeals, including electronic appeals
<ul style="list-style-type: none"> Ensuring and increasing the quality of the internal audit 	<ul style="list-style-type: none"> Development of internal regulatory legal acts and methods International cooperation, exchange of experience and implementation of best practices Training and advanced training, continuous professional development Internal assessments of previous internal audits

INTERNAL CONTROL AND AUDIT

Development of internal control

Internal control and risk management systems are approved leading to implementation of "pilot projects"

New approaches to development and implementation of Annual Action Plan for Risk Management in the Ministry of Defence are developed

Methodical assistance in the implementation of internal control and risk management systems is provided to over 1,500 military and civilian personnel through a series of training activities

Prevention of violations of laws and corrupt practices

Operational audit is extended to the accrual of certain types of allowances in the area of the anti-terrorist operation

Preliminary analysis of settlement and cost-accounting documents and risky operations of public sector entities

Detection of violations and monitoring over corrective actions

Development of risk-oriented planning significantly reduced the share of unscheduled audits

Introduction of new mechanisms for control over the implementation of audit recommendations resulted in the increase of eliminated violations and recovered public resources

Providing assistance to military personnel and their families in obtaining adequate social guarantees

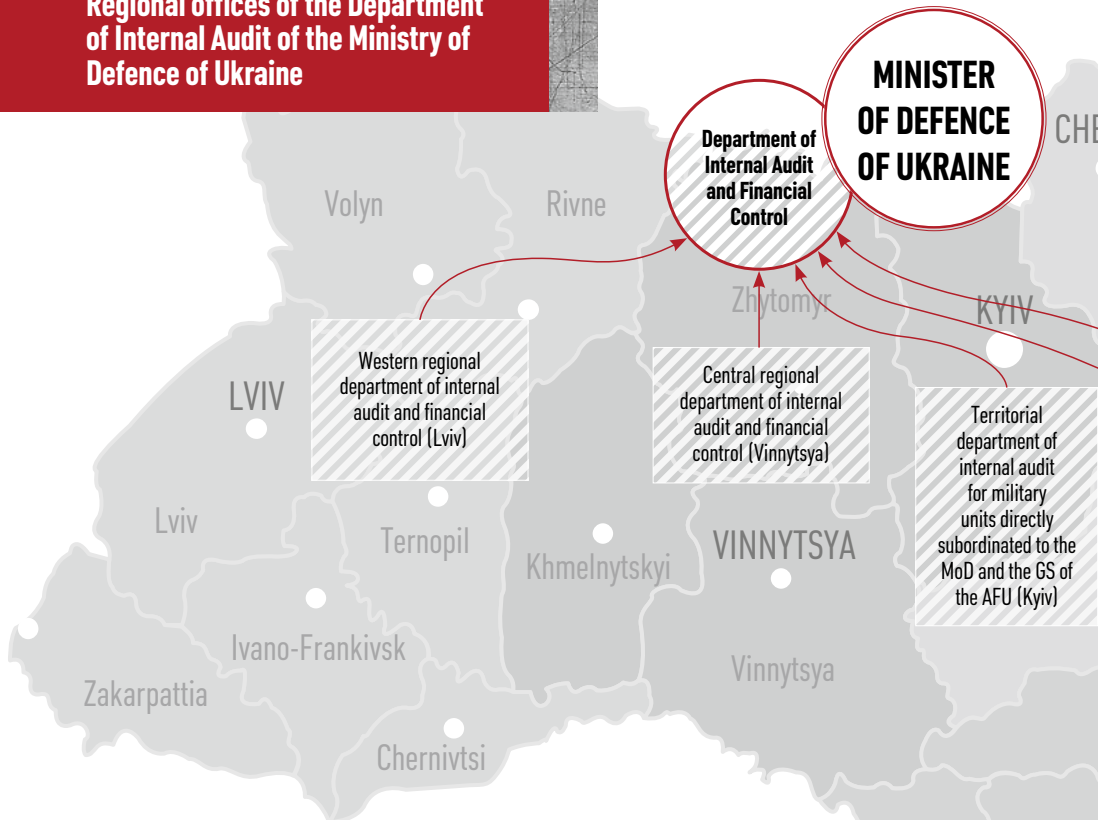
Consideration of appeals

Ensuring and increasing the quality of internal audit

Training of experts in accordance with international practices and standards

Internal assessments of previous internal audits

Regional offices of the Department of Internal Audit of the Ministry of Defence of Ukraine



Personnel from the Department for Prevention and Detection of Corruption and the Department of Internal Audit and Financial Control are involved in:

Sessions of the Competitive Bidding Committee

Sessions of the Commission on selection of candidates on holding vacant appointments of heads of non-budget entities

Sessions of the Commission on distribution of housing within the garrisons of the Armed Forces

Sessions of the Public Company Oversight Boards





Minister of Defence of Ukraine ordered to establish a public commission responsible for control over the use of charitable assistance

North-Eastern regional department of internal audit and financial control (Chernihiv)

Southern regional department of internal audit and financial control (Odessa)

PROGRESS

DEVELOPMENT OF INTERNAL CONTROL

- Implementation of European approaches to the responsibility and accountability of commanders into the operation of structural units. Identification and evaluation of risks
- Development and implementation of measures to keep the risks at the level that does not significantly affect the achievement of objectives
- Organization of seminars on internal control and risk management, internal audit and prevention of corruption for 1535 civilian and military representatives of the Ministry of Defence and the Armed Forces

PROGRESS:

Increased economy, efficiency and effectiveness in the management of financial, material, and other public resources allowed **to save**

€1.3 billion

Added value of monitoring over the implementation of audit recommendations upon the results of field audits

€51 million

PREVENTION OF VIOLATIONS OF LAWS AND CORRUPT PRACTICES

- In 2015, the operational audit was extended to:
 - 1) Certain types of financial allowances to ATO participants
 - 2) Settlement and cost-accounting documents on the repair of weapons and military equipment
 - 3) State enterprises and other economic entities under control of the Ministry of Defence

PROGRESS:

Total added value

€895.9 billion

Total number of recommendations (monetary value)

€12.9 billion

2276

decisions of the Ministry of Defence and the General Staff **were examined:**

management of financial and material resources, disposition of assets and funds, receipt and use of assets and funds, procurements, alienations of property and land plots, reorganization of companies, conclusion and termination of contracts with CEOs, other issues related to financial and economic activity

Added value of the operational audit (preliminary monitoring) of risky operations in 2013–2015

Indicators	2013	2014	2015
Total number of documents on risky operations examined	1678	3446	6178
Monetary value, billion UAH	3.4	17.4	68.2
Added value of increased economy, efficiency and effectiveness in the use of financial, material, and other public resources, million UAH	130.0	57.6	895.9
Total number of recommendations,	179	732	1813
Monetary value, million UAH	520.6	776.4	12923.3

DETECTION OF VIOLATIONS AND MONITORING OVER CORRECTIVE MEASURES

- Development of risk-oriented planning significantly reduced the share of unscheduled audits
- Introduction of new mechanisms for control over the implementation of audit recommendations resulted in the increase of eliminated violations and recovered public resources

PROGRESS:**614**inspections,
including**412** auditsprevented losses and damages
in the amount of€**84.8** million

recovered

€**82.8** millioncorrected other violations that did
not result in damages or losses, and
reduced unintended consequences of
ineffective management decisions
in the amount of€**3.5** billion**1397**officials were brought to disciplinary and
material liability, 4 of them were dismissed**223** cases on the losses and
damage in the amount of€**437.9** millionwere submitted to law enforcement
authorities

PROGRESS

Results of Internal Audits for 2013–2015

Indicators	2013	2014	2015
Amount of compensated losses and damages, billion UAH	58.2	39.6	82.8
Corrected other violations that did not result in damages or losses, and reduced unintended consequences of ineffective management decisions in the amount of, billion UAH	0.53	1.3	3.5
Cases submitted to law enforcement authorities, in the amount of, million UAH	171 173.9	224 210.0	223 437.9

PROVIDING ASSISTANCE TO MILITARY PERSONNEL AND THEIR FAMILIES IN OBTAINING ADEQUATE SOCIAL GUARANTEES

PROGRESS:

Following the results of over

 **600**

inquiries received through the Hotline of the Department of Internal Audit and Financial Control, military personnel and their families received assistance in matters related to the payment of allowances, remunerations, compensations, dismissal allowances and other types of payments

ENSURING AND INCREASING THE QUALITY OF INTERNAL AUDIT

PROGRESS:

122

internal auditors have improved their qualifications

15

of them completed basic language training (English)

Internal assessments of previous internal audits:

2014 – **1**,
2015 – **4**.



REFORMS IN THE MINISTRY OF DEFENCE OF UKRAINE

The Ministry of Defence of Ukraine cooperates with the Reform Office to overcome bureaucratic obstacles and obsolete mechanisms in the sphere of logistical support of the Armed Forces of Ukraine. The Centre for Development and Monitoring over Logistical Support has been established to implement a range of projects on procurement as well as clothing and subsistence support to military personnel.

PILOT PROJECTS OF THE MINISTRY OF DEFENCE OF UKRAINE IN 2015

Reform of public procurement system ("ProZorro")

Reform of petroleum, oil and lubricants support

Reform of norms and standards for clothing support

Introduction of the centralized system of Electronic Health Cards and further support to the process of medical assistance

Reform of subsistence support and nutrition in the Armed Forces of Ukraine

Reform of management system for public enterprises operated by the MoD

Automated accounting of demand and supply in the sphere of clothing support

Logistics doctrine

Optimization of medical and evacuation support of the Armed Forces of Ukraine in the area of ATO

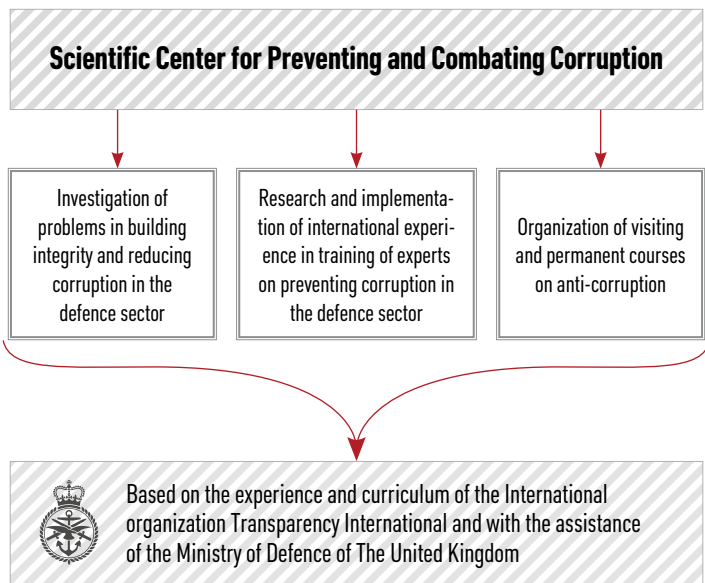
BUILDING INTEGRITY

Building integrity of military and civil personnel remains one of top priorities

Since 2015, the appointment to responsible positions (starting from the Deputy Minister of Defence) is made upon the evaluation of professional qualities and polygraph testing.

Special courses on building integrity and reducing corruption risks are established in the Training and Education Centre of the National Defence University of Ukraine named after I. Chernyakhovskiy in support of building integrity process.

Internal audit is conducted in accordance with national standards of internal audit, which are based on corresponding international standards. Internal auditors undergo regular training on national and international standards of internal audit. The training on national standards is provided by the State Financial Inspection of Ukraine with the assistance of the Ministry of Economy and Finance of the Netherlands, while the international standards of internal audit ("Certified Internal Auditor") are trained by the HOCK Training with the assistance of the Ministry of Defence of the United Kingdom. The internal audit officials are additionally engaged in training activities under the aegis of International Organization Transparency International, NATO Building Integrity Program, NATO Liaison Office in Ukraine as well as other national and international organizations.



PROGRESS

The Ministry of Defence of Ukraine has introduced a **polygraph test** for the personnel of the Ministry of Defence of Ukraine and the General Staff of the Armed Forces of Ukraine with access to resources or state secrets

Around **200** officials were subject to this type of inspection in 2015

Special verification procedure was initiated against

11

candidates for the responsible and highly responsible positions

The Personnel Policy Department of the Ministry of Defence of Ukraine has initiated a **process of lustration** and established an agency responsible for the implementation of the Law of Ukraine "On Cleansing of the Authorities"

Inspection was initiated against **952** officials from the administration of the Ministry of Defence of Ukraine (**inspection completed for 288 officials**)

Inspection was initiated against **5,202** officials from the Armed Forces of Ukraine (**inspection completed for 275 officials**)

Training and Education Centre of the National Defence University of Ukraine named after I. Chernyavskiy

ORGANIZATION OF VISITING AND PERMANENT COURSES ON ANTI-CORRUPTION

PROGRESS:

Two 5-day building integrity courses for the personnel of the Ministry of Defence of Ukraine and the Armed Forces of Ukraine

Eight 2- and 3-day visiting courses for over 200 representatives of military educational institutions and departments at the higher civilian education institutions

Three 1-day visiting courses for around 80 servicemen in the area of **ATO**

RESEARCH AND IMPLEMENTATION OF INTERNATIONAL EXPERIENCE IN TRAINING OF EXPERTS ON PREVENTING CORRUPTION IN THE DEFENCE SECTOR

PROGRESS:

International military cooperation with Transparency International and NATO Centre for Building Integrity in the Defence Sector (CIDS, Norway) on anti-corruption

Strategic meeting of representatives from NATO member-nations, Transparency International and University on building integrity and reducing corruption risks in the sphere of security and defence in the framework of international workshop Senior Leaders Day in January 2015

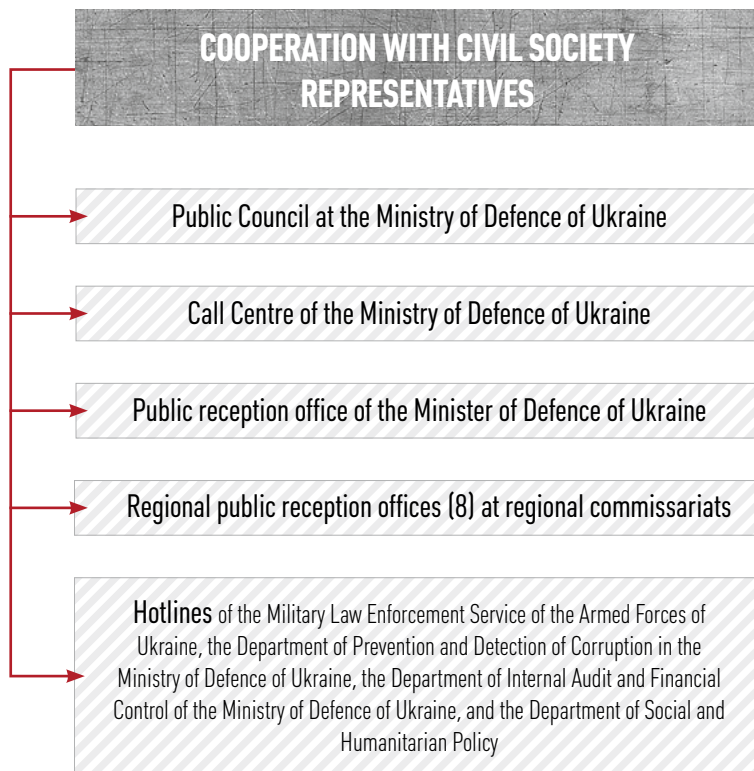
November 2015, first International Anti-Corruption Week for the discussion of the most pressing concerns of the MoD and the Armed Forces of Ukraine in the sphere of anti-corruption with the involvement of international experts

OPENNESS AND TRANSPARENCY

The measures undertaken by the Ministry of Defence of Ukraine to prevent corruption are based on the principles of openness and transparency

On December 26, 2014, the Minister of Defence of Ukraine approved the Action Plan on the implementation of the Strategy of the State Policy for Promoting the Development of Civil Society in 2015, which provides for cooperation in developing the intolerance to corruption.

The openness, transparency and resulting cooperation with public society in 2015 allows to receive information on anti-corruption offenses on a real-time basis and take appropriate measures.



PROGRESS

COOPERATION WITH CIVIL SOCIETY REPRESENTATIVES

PROGRESS:

New composition of the Public Council at the Ministry of Defence is established that **brings together**

105

non-governmental organizations

Preventing and detecting corruption in the Ministry of Defence of Ukraine and the Armed Forces of Ukraine was discussed during a meeting of the Public Council in June 2015

A total of

193

inquiries of citizens and non-governmental organizations were processed and substantively responded



INTERNATIONAL DEFENCE COOPERATION

Enhancement of international defence cooperation

The Ministry of Defence of Ukraine participates in the implementation of measures under the NATO Initiative on Building Integrity, Transparency, and Accountability and reduction of corruption risks in defence and security institutions (Building Integrity Program).

The Ministry of Defence of Ukraine actively cooperates with the Ministry of Defence of The United Kingdom, the Ministry of Defence of the Kingdom of Norway, and international organization Transparency International through Action Plans under the Partnership for Peace and Open Government Partnership programs.

Memorandum of Understanding as of June 23, 2015 between the Ministries of Defence of Ukraine and Norway resulted in the establishment of training course “Building Integrity and Institutional Development in the Sphere of Personnel Management”. This project has been developed and implemented by the Project Group of the Ministry of Defence of Ukraine and the Centre for Building Integrity in the Defence Sector (CIDS) of the Ministry of Defence of the Kingdom of Norway.

In November 2015, the first International anti-corruption week together with a series of training courses and seminars on preventing and combating corruption were conducted for officials of the Ministry of Defence of Ukraine and the General Staff of the Armed Forces of Ukraine with the assistance of the Embassy of the United Kingdom of Great Britain and Northern Ireland to Ukraine, international non-governmental organization Transparency International and the Centre for Integrity in the Defence Sector (CIDS).

For the first time in the history of the Armed Forces of Ukraine, the RAND Corporation (Research and Development) – the US research institution was involved upon the decision of the President of Ukraine to identify the areas for the reformation of the defense forces of Ukraine and to reach the criteria required for seeking membership with NATO.

Major partners of the Ministry of Defence in the area of preventing and countering corruption as well as development of internal control and audit



DEVELOPMENT OF INTERNATIONAL DEFENCE COOPERATION

PROGRESS:

International Seminar “Senior Leaders Day”

Ministry of Defence of Great Britain, Transparency International, National Defence University of Ukraine named after I. Chernyakhovskiy, Department of Internal Audit and Financial Control of the Ministry of Defence of Ukraine, and Corruption Prevention and Combating Bureau of the Ministry of Defence

Workshop “Internal control: practical aspects”

Department of Internal Audit and Financial Control of Ministry of Defence of Ukraine together with HOCK Training Ukraine

Participation in the First Meeting of Nordic-Baltic Assistance Program “Audit: countering fraud and corruption”

Representatives from the Ministries of Defence of the Nordic-Baltic Initiative, Department of Internal Audit and Financial Control of the Ministry of Defence of Ukraine

Seminar “Financial Audit”

Centre of Excellence of Finance (CEF), Department for Internal Audit and Financial Control of the Ministry of Defence of Ukraine

International Anti-Corruption Week at the National Defence University of Ukraine named after I. Chernyakhovskiy with participation of the Department for Internal Audit and Financial Control of the Ministry of Defence of Ukraine and Corruption Prevention and Combating Bureau of the Ministry of Defence

Working meeting with the representatives of NATO International Secretariat and NATO Liaison Office in Kyiv

to discuss the implementation status of the Annual National Program of the NATO-Ukraine Cooperation for 2015 (ANP-2015), proposals for ANP-2016 as well as certain provisions of the Anti-Corruption Programme of the Ministry of Defence of Ukraine for 2015–2017





PRIORITIES OF THE MINISTRY OF DEFENCE FOR COMBATING CORRUPTION IN 2016


Overcoming corruption is one of the top priorities for the Ministry of Defence of Ukraine

Ministry of Defence of Ukraine intends to establish a sustainable corruption prevention system in structural units of the Ministry of Defence of Ukraine, the General Staff of the Armed Forces of Ukraine, other military command structures and Armed Forces of Ukraine as well and institutions, organizations and off-budget entities under control of the Ministry of Defence.

Anti-Corruption Program of the Ministry of Defence of Ukraine for 2015–2017 is approved by the order of the Ministry of Defence of Ukraine No. 374 of July 30, 2015.


 Establishment of an effective institutional mechanism to prevent corruption in the Ministry of Defence and the Armed Forces of Ukraine as well as to develop the capability to combat corruption in state enterprises, institutions, and organizations under control of the Ministry of Defence of Ukraine


 Consolidation of the personnel policies, building integrity of military and civilian personnel and establishment of negative attitude towards corruption

 Attraction of maximum support of the society, implementation of openness and transparency as well as public involvement in preventing corruption

 Implementation of preventive anti-corruption mechanisms in support to the operations of the Armed Forces of Ukraine in the area of ATO and training of troops for international peacekeeping operations

 Reduction of the level of corruption in the sphere of public procurements

 Establishment of conditions for submitting reports on violations of anti-corruption legislation and implementation of effective and deterrent measures against officials involved in corruption offenses

 Enhancement of the level of management of financial, logistical and other resources as well as transparency in the implementation of budgetary programs, establishment and support of the system of internal control, and consolidation of the institutional capacity of internal audit



CONTACTS:

StratComUA Communication Group
for Anti-Corruption Program of the Ministry of Defence of Ukraine
066 058 41 77 || 067 404 83 56



MINISTRY OF DEFENCE
OF UKRAINE

