

IPACS Task Force 3 Draft Executive Summary

Optimising the processes of compliance with good governance principles to mitigate the risk of corruption

Executive summary

Preventing and addressing corruption in sport includes three key dimensions: promotion of relevant good governance actions (Task Force 3), enhancement of investigations and sanctioning, and reduction of opportunities in risky areas (Task Force 1 and Task Force 2).

The implementation of good governance in sports organisations at all levels is seen as a key to managing corruption risks and is a main focus of IPACS' work. The concept of good governance in sport, draws from corporate governance and public governance frameworks. Frameworks for sports governance have been developed over at least 15 years involving: academic research papers, regulations, guidelines, evaluation methodology, identifying criteria for grant allocations, and involved numerous stakeholders, including Governments, Sports organisations, International organisations, NGOs, and researchers. There is a broad consensus that good governance includes democratic principles, integrity, gender mainstreaming, stakeholder involvement, transparency and accountability.

IPACS is a unique initiative to enhance the joint efforts of governments, sports and international organisations to strengthen governance in sport and to generate further support for implementation among all relevant stakeholders. The aim of TF3 is not to produce a standard or a regulation, but to propose indicators, in particular in areas of governance that are relevant to mitigating the risk of corruption. An increasing number of governments, academics, umbrella sports organisations and international organisations are assessing the governance of sports organisations. As an example, a number of International Sports Federations are reviewing their own levels of governance, using ASOIF indicators.

The indicators they use reflect their understanding of measures, which are seen as relevant to enhancing the good governance of sports organisations.

By using existing indicators and standards as a starting point, the aim of Task Force 3 is to propose indicators which could be included in a wide number of governance assessment frameworks. They could facilitate the collection of comparable data that would help identify trends.

These indicators are expected to reflect a multi-stakeholder common approach to the good governance of sports organisations, which may serve to indicate areas in which supporting measures are needed and needs for further research or tools.

Sports organisations at all levels are currently in the process of improving their governance by triggering reforms; the indicators on the basis of which they are assessed will inspire them for this purpose. Using common benchmarks will also make the outcomes of the reforms undertaken by sports organisations more visible. However,

IPACS is not trying to establish a compulsory standard, nor is it proposing sanctions of any kind against organisations that do not fulfil the measured criteria.

Proposed Recommendations

IPACS Task Force 3 focused its work on three specific areas to mitigate risks of corruption, namely:

- Financial transparency
- Conflicts of interest
- Terms of office: duration and limits

Task Force 3 will continue to not only finalise indicators for each of the above areas, but also identify, where appropriate, other areas of work related to governance, which have a strong anti-corruption focus.

For each topic, the task force identified the relevance of taking measures to mitigate the risk of corruption, and identified draft indicators.

Financial transparency

Transparency is key to enabling an organisation's stakeholders (including athletes, fans, the public, governments and commercial partners) to see if it is fit-for-purpose. To enhance transparency it is recommended inter alia that :

- The sports organisation has an integrated and documented control and risk management system;
- Financial information is prepared in accordance with recognised accounting standards and approved by the Board;
- The organisation has an internal audit function; (subject to a materiality threshold);
- Financial information is reported or audited by external auditors (subject to a materiality threshold) and (in all cases) is made publicly available.

Conflicts of interest

Conflicts of interest must be properly managed by all sports. It is recommended that a register of interests of office-holders (such as shares, directorships, etc.) should be established and maintained, regardless of whether any conflict is deemed to arise from those interests. The disclosure of an apparent/perceived, actual or potential conflict of interest is also a key step in this regard. Criteria to evaluate the prevention of conflicts of interest include:

- A documented, published conflict of interest policy with exclusion from decision-making processes of members of the body with a conflict or perceived conflict;
- A register of interests is maintained and regularly reviewed.

Terms of office: duration and limits

Term limits ensure the organisation benefits from the regular involvement of new people and ideas and that power is not perpetually concentrated in one group or individual. Term limits also provide the opportunity for an organisation to recruit the right skills to

suit its strategic objectives (recognising that these may change over time). Continuity and stability should also be taken into consideration when considering the issue of term limits: the time needed to gain sufficient knowledge and visibility to discharge the role of a Board member effectively and, particularly in smaller-scale organisations, the possible difficulty of identifying skilled and available persons, are considered as possible obstacles. The inconveniences and advantages should be balanced and eventually term limits and duration managed by careful arrangements for transitional succession planning may allow mitigating the risk of corruption.

The task force still needs to finalise its indicators. It will propose developing indicators in other areas of good governance (e.g. separation of powers / checks and balances), and also look to develop practical tools to facilitate the implementation of reform within sports organisations. It will also facilitate multi-stakeholder dialogue on actions to support the implementation of good governance in sports organisations.

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