ICAC

Corruption Risk Management

Independent Commission Against Corruption

October 2020

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As per the Prevention of Corruption Act 2002, the Independent Commission Against Corruption (ICAC) is mandated to exercise vigilance and superintendence over integrity systems in public bodies.

Public sector organisations, irrespective of their nature and size, are exposed to corruption risks. Such risks may exist at all levels starting with simple decision-making. These risks need to be properly addressed for an organisation to build and sustain resistance to corruption and promote public trust and confidence. Thus, effective management and oversight systems are recognised as the first line of defence against corruption.

Hence, the ICAC has adopted a risk-based approach with regards to the implementation of corruption prevention strategies in the public sector to reinforce integrity in public bodies and ensure that public funds are being used in line with the principles of efficiency, effectiveness and value for money. This approach is translated mainly through the implementation of the Public Sector Anti-Corruption Framework (PSACF) in public bodies which empowers public bodies to take ownership of corruption prevention in a proactive and structured manner. The PSACF is currently being implemented in over 100 public bodies, each having an Anti-Corruption Committee (ACC). Whilst some public bodies have successfully embarked onto the Corruption Risk Management (CRM) phase, others are still at the endorsement stage of their Anti-Corruption Policies.

In this respect, the ICAC has developed this manual on CRM to support the management of corruption risks in public sector organisations. This Manual is an enhanced version of the previous one published by the ICAC in the context of the implementation of the PSACF. The objectives of the manual are to:

- assist members of ACCs to conduct Corruption Risk Assessment (CRA) as per Cabinet decision of 03 July 2020 which stipulates that Ministries/Departments are expected to conduct at least two CRAs per year as one of its Key Performance Indicators;
- supplement the knowledge and skills of ACC members on the implementation of the PSACF; and
- reinforce integrity in public sector organisations.

This Manual describes how to identify and treat specific corruption risks, and how to institutionalize structures within an organization to ensure that corruption risk mitigation becomes part of the organization's day-to-day activities. We invite you to use your current knowledge, skills and this Manual to implement corruption prevention strategies in your organisation. We hope that public sector organisations will take advantage of the manual to reinforce the level of integrity in their respective organisations. This manual will be subject to regular review to incorporate views and changing context.

INDEPENDENT COMMISSION AGAINST CORRUPTION
20 OCTOBER 2020

INTRODUCTION

Corruption Risk Management (CRM) is a vital corruption resistance tool that provides a mechanism within which corruption risks can be managed proactively. It is an integral part of Corruption Prevention Plan and is driven by the conduct of Corruption Risks Assessment (CRA) exercises, which are to be reviewed regularly.

The conduct of CRM allows organisations to:
   I.   enhance its credibility and public image;
   II.   review and amend its existing policies, guidelines and controls;
   III. trigger amendments to certain legislations; and
   IV.   bring in more effective controls.

In the context of the implementation of the PSACF, this Manual focuses on the CRM process including the CRA and the methodology to be used. It is meant for Chairpersons and members of ACCs, who are mainly administrative cadres, namely Permanent Secretaries, Deputy Permanent Secretaries, Assistant Permanent Secretaries and Heads of divisions/departments, such as Procurement Managers, Human Resource Managers, Integrity officers, Internal controllers/Auditors and other Heads of technical divisions.

The ACCs have as objectives to plan, oversee and closely monitor the conduct of the CRM exercise until its completion. Hence, the Manual provides a step-by-step approach to identify corruption risks in the systems and practices of an organisation and manage those risks. The aim of any risk assessment is to identify a realistic set of potential areas that may be vulnerable to corruption, determine which should be prioritized, and develop and implement mitigation cost effective measures. CRA is a critical step of the CRM process.

The Manual also provides (i) a few examples from public sector organisations to ease comprehension and facilitate the conduct of the CRM and (ii) templates that can be used by ACCs to conduct CRA in different areas/functions of an organisation.

However, it should be noted that this CRM Manual is not prescriptive. Using the overall framework outlined in this manual, risk assessment approach must be designed/customized based on the mandate, mission, legislative basis, nature, size, location, leadership commitment and ethical culture of an organization.

1.0   Introduction

Corruption is inherently a behavioural issue and relates to conduct arising out of dishonesty or deceit. It is one of the major concerns facing the global community. If not contained, it has the ability to spread very rapidly to become a culture and kill the potential of the socio-economic setting of any country. It goes from small favours to grand corruption. From the ordinary citizens to the highest officials, anyone can one day or another succumb to corrupt motives.

1.1   Objectives of this chapter

The objectives of this chapter are to enable public officials to:
- recognise, resist and reject corruption;
- understand the causes and consequences of corruption;
- realise that fighting corruption is a societal challenge; and
- develop a zero tolerance against corruption.

1.2   Definitions of an Act of Corruption

Corruption is defined broadly as abuse of entrusted power for private gain. In the local context, Section 2 of the Prevention of Corruption Act (PoCA) 2002 refers to corruption as an act *"which constitutes a corruption offence"* and includes:

(i) any conduct whereby, in return for a gratification, a person does or neglects from doing an act in contravention of his public duties;

(ii) the offer, promise, soliciting or receipt of a gratification as an inducement or reward to a person to do or not to do any act, with a corrupt intention;

(iii) the abuse of a public or private office for private gain;

(iv) an agreement between 2 or more persons to act or refrain from acting in violation of a person's duties in the private or public sector for profit or gain;

(v) any conduct whereby a person accepts or obtains, or agrees to accept or attempts to obtain, from any person, for himself or for any other person, any gratification for inducing a public official, by corrupt or illegal means, or by the exercise of personal influence, to do or abstain from doing an act in the exercise of his duties to show favour or disfavour to any person.

Broadly, corruption takes various forms. The most common forms are:

	FORMS	DESCRIPTION
1.	Bribery	The act of dishonestly persuading someone to act in one's favour by payment of bribes or other inducement. Inducements can take the form of gifts, loans, fees, rewards or other advantages.

	FORMS	DESCRIPTION
2.	Nepotism	The practice among those with power or influence of favouring relatives or friends, especially by giving them jobs or contracts.
3.	Trafic D'Influence	Influence peddling is the illegal practice of using one's influence or connections with persons in authority to obtain favours or preferential treatment for another, usually in return for bribes.
4.	Conflict of Interests	A situation in which someone cannot make a fair decision because his private interests clash with public interest(s) of the organisation.
5.	Abuse or Misuse of office	The commission of an unlawful act, done in an official capacity, which affects the performance of official duties usually in return for bribes or other favours

The different forms that corruption may take are criminalized as corruption offences under the Prevention of Corruption Act 2002 and spelt out as from Sections 4 to 17 of the Act. The list of corruption offences, as per the law, is provided in the table below:

Sections	*Offences*
4	Bribery by public official
5	Bribery of public official
6	Taking gratification to screen offender from punishment
7	Public Official Using Office for gratification
8	Bribery of or by a public official to influence the decision of a public body
9	Influencing public official
10	Trafic D'Influence
11	Public Official taking gratification
12	Bribery for procuring contracts
13	Conflict of Interests
14	Treating of public official
15	Receiving gift for a corrupt purpose
16	Corruption of agent
17	Corruption to provoke a serious offence
17A	Offence committed by legal person

1.3   Fighting Corruption in Mauritius

In an endeavour to implement the obligations under the United Nations Convention Against Corruption (UNCAC) and other regional conventions and protocols, Mauritius has taken a series of specific anti-corruption measures to promote transparency, accountability and integrity, more particularly in the public sector to combat corruption. These include the enactment of the Prevention of Corruption Act (PoCA) 2002 and the Financial Intelligence and Anti-Money Laundering Act (FIAMLA) 2002, among others. The PoCA 2002 is the main piece of anti-corruption legislation, which established the ICAC, the national anti-corruption

agency. In line with its mandate, the ICAC is spearheading the national fight against corruption through a three-pronged strategy namely investigation, prevention and education; which is based on the ICAC Hong-Kong model. It also investigates into money laundering offences.

Recently, in line with the Declaration of Assets Act 2018, as amended, the ICAC has been conferred with certain responsibilities, functions and powers as follows, to:
(i)   issue directives;
(ii)   receive and process the Declaration of Assets Forms;
(iii)   publicly disclosure of declarations as per the law;
(iv)   issue of penalties for late submission and non-submissions of the Declaration of Assets Forms;
(v)   verify declarations pursuant to Section 11 of the Act; and
(vi)   monitor the assets and liabilities of any declarant for the purpose of detecting and investigating corruption and money laundering offences or illicit enrichment pursuant to section 9 of the Act.

1.4   Main Causes of Corruption

There are many causes of corruption and they differ from country to country. For individuals to become involved in corrupt activities, circumstances exist which do not prevent or discourage them from doing so. Theorists and experts have considered the main causes of corruption, amongst others, in two broad categories, namely, **opportunity** and **motivation**.

(i)   Opportunity
An important element often considered as a cause of corruption is opportunity. It refers to weaknesses or loopholes in systems, procedures and practices where there is a low likelihood of detection which can be exploited for personal benefits (e.g. supervision or internal controls that are weak, ineffective and inadequate)

(ii)   Motivation
Another factor considered amongst causes of corruption is the motivation element. It relates to personal factors in relation to the individual committing an act of corruption such as greed, pressure, the readiness of a public officer to commit an act of corruption due to financial pressure, etc.

People involved in acts of corruption usually rationalise the situation. Rationalisation is an attempt to acquit or indemnify oneself from the transgression. As such, it becomes a facilitator of corruption in that it neutralises feelings of ethical anxiety, justifies corrupt activities before the crime to forestall guilt and to ease misgivings about the behaviour.

1.5   Effects of Corruption

Corruption hurts everybody. The effects of corruption are wide-ranging and go beyond corrupt individuals, the accomplices, or the reputation of the organisations in which it occurred.

Thus, in a nutshell, corruption in the public and private sectors:

- erodes trust in public services;

- damages reputation of public bodies;
- damages employees' morale;
- wastes or diverts taxes that have been earmarked for important community projects; and
- results in poor quality services or infrastructure that can undermine public security and safety.

1.6   Recap

The Prevention of Corruption Act 2002 is the main legislation to combat and prevent corruption in Mauritius. Corruption is a dishonest act. It cuts across all segments of the society. It is a worldwide phenomenon.

This chapter highlighted the definitions of corruption, gave a brief overview of corruption offences and the fight against corruption in Mauritius. Finally, this chapter stressed upon the causes and effects of corruption.

Chapter 2

PUBLIC SECTOR ANTI-CORRUPTION FRAMEWORK

2.0   Introduction

The ICAC developed and launched the Public Sector Anti-Corruption Framework (PSACF) in 2009. It aims at empowering public sector organisations to develop and set-up their own anti-corruption infrastructure within the organisation. The framework provides the foundation for developing, implementing and sustaining anti-corruption initiatives in public bodies. It contains policies, systems and plans that are necessary to combat corruption and corrupt practices.

2.1   Objectives of this chapter

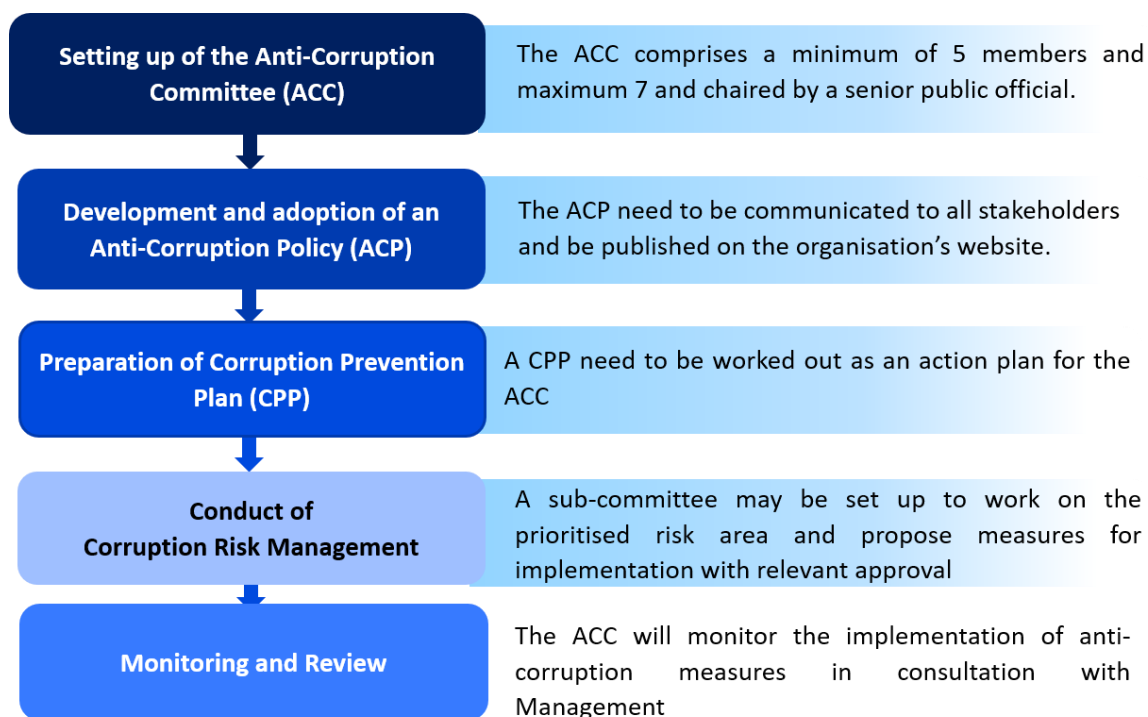The objectives of this chapter are to enable public officials to better grasp the:
- functioning of the PSACF in public bodies; and
- roles and responsibilities of ACCs in the CRM process.

2.2   The Public Sector Anti-Corruption Framework

The ICAC continues to spearhead the implementation of the PSACF, a system that provides the foundation for developing, implementing and sustaining anti-corruption initiatives and contains necessary policies, systems and plans to combat corrupt practices in public bodies. Public bodies are called upon to set up an ACC, develop the Anti-Corruption Policy (ACP) and conduct CRA exercises.

The different steps in the implementation of the PSACF include:
   I.   Setting up of an ACC;
  II.   Development and adoption of an ACP for the organisation;
 III.   Preparation of a corruption prevention plan;
 IV.   Conduct of corruption risk management; and
  V.   Monitoring and review

Setting up of the Anti-Corruption Committee (ACC)	The ACC comprises a minimum of 5 members and maximum 7 and chaired by a senior public official.
Development and adoption of an Anti-Corruption Policy (ACP)	The ACP need to be communicated to all stakeholders and be published on the organisation's website.
Preparation of Corruption Prevention Plan (CPP)	A CPP need to be worked out as an action plan for the ACC
Conduct of Corruption Risk Management	A sub-committee may be set up to work on the prioritised risk area and propose measures for implementation with relevant approval
Monitoring and Review	The ACC will monitor the implementation of anti-corruption measures in consultation with Management

An ICAC Officer will act as Ex-Officio and will offer support and guidance to the ACC.

The Chairperson can act as liaison with the TIC for reporting purposes.

The implementation of the PSACF starts with the setting-up of an ACC in the organisation. It is recommended that the ACC is chaired by a dedicated official from a senior position to drive the project. This committee will be responsible for developing anti-corruption initiatives and programmes in their respective organisation. As at date, 102 public sector organisations have already set up their ACCs. 82 public bodies have adopted their ACP and 71 of them are working on a particular risk area for the CRM phase. The committee normally comprise a maximum of 7 members. Responsible officers from both operational and support departments of the organisation are present in the committee. It is also advisable for the internal controller of the organisation to be part of the ACC. The committee is expected to meet on a regular basis, preferably every month or as decided by the Chairperson of the ACC. An officer of the ICAC is on the ACC as ex-officio member to provide guidance and support to the committee.

2.3   Responsibility of the ACCs in CRM

One of the main responsibilities of the ACC is to plan/organise, oversee and closely monitor the conduct of the CRM exercise until its completion. This implies that the ACCs, in collaboration of the ex-officio member, should:

- Come up with a corruption prevention plan that identifies and prioritises corruption risk areas in the organisation;

- Identify responsible officers for conducting corruption risk assessment and management in a particular area by setting-up a sub-committee;
- Ensure allocation of adequate resources for the CRM exercise;
- Task the Integrity Officer to advise on the conduct of the CRM;
- Set a reasonable timeframe for the corruption risk management exercise;
- Ensure implementation of outcomes of the CRM exercise in the organisation and necessary follow-up; and
- Report twice yearly on status of implementation of the PSACF to the ICAC.

2.4   Roles of Integrity Officers in CRM

To complement and support the implementation of the PSACF, public officers at senior management level have been designated to act as Integrity Officers (IOs). The IOs are members of the ACCs and called upon to play a crucial role within the ACC in preventing corruption and malpractices in their respective organisations and expedite implementation of the PSACF in a sustained manner.

As per the Terms of Reference for IOs, IOs are expected to plan and implement integrity programmes with a view to help prevent corruption and malpractices in their respective organisations. By virtue of their responsibilities, their main roles in relation to CRM include:

a) leading the elaboration of corruption prevention plan by identifying and prioritising areas prone to corruption;
b) providing guidance to Management and ACC members on how to conduct Corruption Risk Assessments;
c) guiding members of the ACC in elaborating corruption prevention strategies;
d) leading and managing the implementation of anti-corruption measures/outcomes of the CRM through proper planning and realistic timeframes;
e) ensure regular revision of the corruption prevention strategies; and
f) communicate regularly on CRA issues with organisation's management and employees.

2.5   Recap

The key step regarding the implementation of the PSACF is the conduct of CRM. The framework requires each public body to perform a corruption risk assessment as part of the normal risk management process. This chapter provided an overview of PSACF and highlights the steps involved in the implementation of the framework. It also touched upon the roles and responsibilities of ACCs and IOs in the conduct of CRM.

3.0   Introduction

Corruption Risk Management (CRM) is a management process that helps in corruption prevention in an organisation. CRM aims to identify structural weaknesses in an organisation that may facilitate corruption. It provides a risk-based framework in identifying the risk factors and treatments, and embeds corruption prevention within a well-established governance framework. It is a management tool that helps Management to develop corruption risk profiles and risk action plans that effectively minimise the exposure of corruption risks.

3.1   Objectives of this chapter

The objectives of this chapter are to:
- Explain the CRM process; and
- Highlight core activities of a public body along with its potential associated risks.

3.2   Corruption Risk Management Process

CRM can be conducted by any organization irrespective of their mandate, nature, size and location. It is a process that helps identify potential corruption risks in an organization, assess those identified risks in terms of impact to organizational performance, goal and image, analyse its causes and ultimately help in bringing about corrective measures to minimize or eradicate those risks. It is about identifying the corruption risks and preventing them. It also enables a systemic approach for all relevant staff to take part in the process. The aim of the risk assessment and management process is to produce a set of actions that the organization can take to prevent and detect risks of corruption.

This process consists of six main steps, namely:
    i.   Establishing the context;
   ii.   Risks identification;
  iii.   Risk analysis;
  iv.   Risk evaluation;
   v.   Manage - treat or eliminate the risks; and
  vi.   Report, Monitor and review.

The diagram below depicts the CRM process:

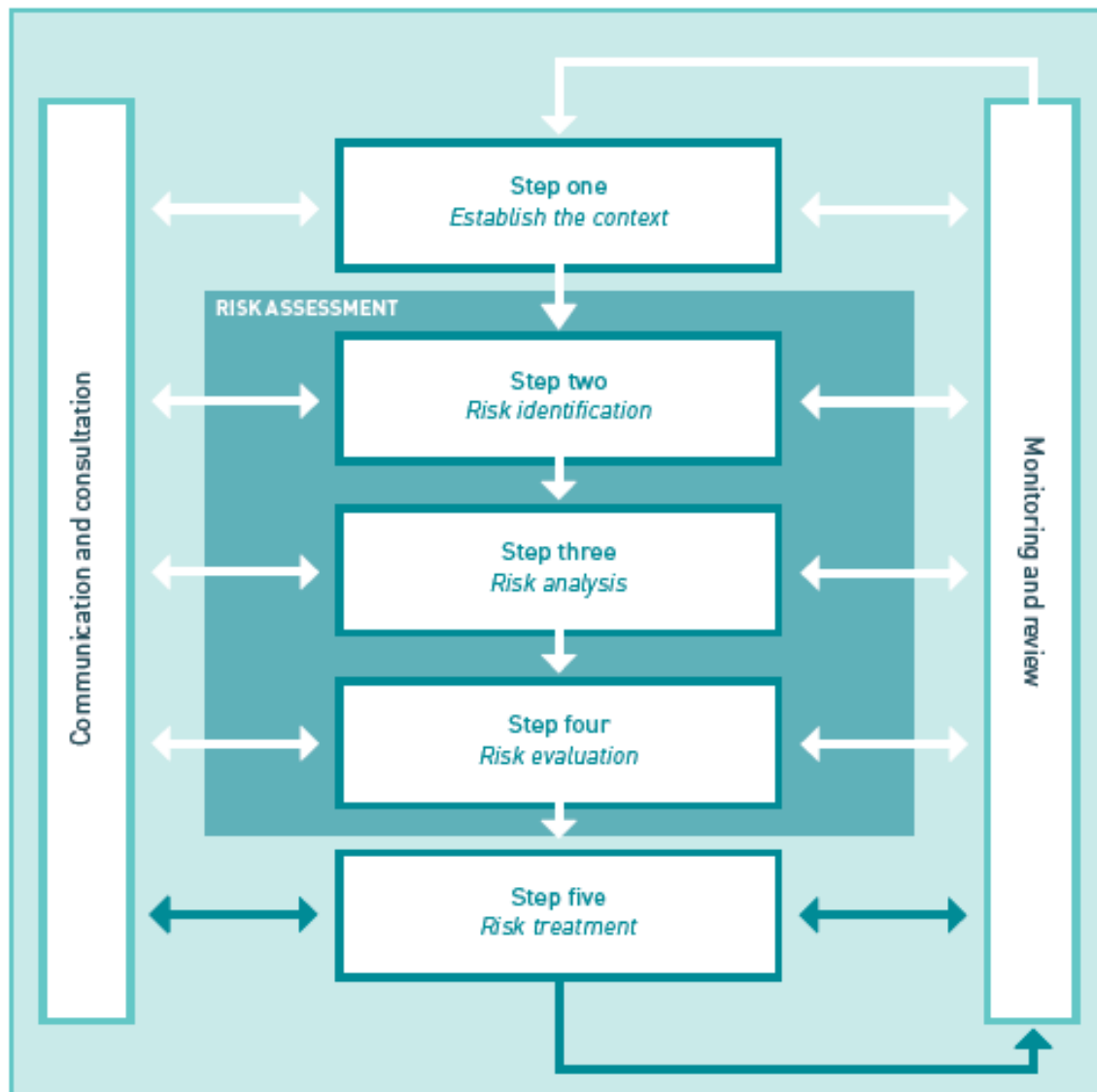**Risk assessment and management process**

Figure 1 Extracted from State of Integrity, UNODC 2020

3.3 Corruption Risks Assessment

Corruption risks assessment (CRA) is an essential part of corruption risk management (CRM). As highlighted earlier, CRA is a systematic tool that can be used by organisations to identify corruption vulnerabilities within their operations and devise efficient, cost-effective strategies to mitigate those vulnerabilities or risks.

CRA mainly comprises 3 stages namely:
  i.   Risks identification;
  ii.   Risk analysis; and
  iii. Risk evaluation.

Chapters 4 and 5 of this Manual deal with the CRA process.

3.4   Planning and Organising the CRM Exercise

The planning of the CRM is an important step to ensure success of the whole process. The planning should start at the level of the ACC. The ACC will agree on which area of the organisation, the CRM will be conducted taking into consideration the specificity of the organisation, such as nature of functions and mandate.

The ACC may agree to focus on the immediate corruption problems which the organization is facing. Multiple scandals, a decline in cash receipts, a rise in citizen complaints or an inexplicable change in an employee's standard of living can all serve to identify risk areas in the organisation. Desk research, surveys and face-to-face interviews/consultations with the relevant staff of the organisation can also be used by members of ACCs to identify risk areas

The main corruption risk areas in public sector organisations include the following:
- Procurement
- Revenue collection
- Recruitment and Selection
- Overtime Management
- Licencing and Permits
- Law Enforcement
- Contract Management
- Allocation of Stalls
- Management of Government Grants/Subsidies

Following the identification of the area of priority for the CRM and approval of management, the ACC will designate a sub-committee of the ACC to conduct the exercise.

3.5   Roles and responsibilities of the Sub-Committee

The sub-committee will be requested to submit a plan for the CRM to the ACC. The plan should include the following:
- Setting of the time frame;
- Task allocation for the members of the sub-committee; and
- Estimates of the resources needed (Internal or External);

The Sub-Committee is required to open a file for the particular CRM exercise to record all steps for future reference.

After approval of the plan by the ACC, the sub-committee will designate a Chairperson and start the work. Staff of the department/ section where the CRM will be conducted have to be made aware, through the relevant Head of the department. It is important to seek the support and collaboration of the Heads and other staff in the conduct of the CRM.

> **Example:** If the CRM exercise will be conducted in the Procurement Department in relation to writing of specifications, it is important for the Sub-Committee to comprise the Head of Procurement, internal auditor and two other members of the ACC, preferably, from other departments.

3.6   Recap

CRM helps to identify structural weaknesses in organisations that may give rise to corruption. This chapter explained the CRM and CRA processes. It also dealt with the planning and organising of CRM exercise along with the roles and responsibilities of ACC and Sub-Committee set-up to conduct the CRM.

4.0 Introduction

Understanding corruption and its various forms in an area is the basis for designing an effective anti-corruption programme. Corruption risk assessment involves, as a first step, the identification of threats in the areas/functions of the department where the CRM is being carried out. It can be referred to the diagnosis stage.

4.1 Objectives of this chapter

The objectives of this chapter are to:
- Explain corruption risks; and
- Discuss the risk identification process.

4.2 What is a Risk?

Risk is often referred to potential consequences of an event. It is often expressed in terms of a combination of consequences and its likelihood of occurrence. Similarly, corruption risk refers to the possibility of corrupt acts occurring in the organisation and the anticipated impact of such risks.

Corruption risks are weaknesses that can occur in the systems and practices of an area/function of an organisation. Understanding how and where the organisation is likely to encounter corruption will help manage such risks effectively.

4.3 Process of Corruption Risk Identification

To identify the risks inherent in an area/function, the sub-committee set-up to conduct the CRM will have to:

I. analyse the overall governance context. It is usually done through secondary research. It will typically include a review of the legal and institutional framework and its implementation. This will include:
- the laws and other regulations that apply to the area/function/institution,
- the organisational structure (for example, job descriptions, work processes and procedures); and
- its codes of ethics (code of conduct, conflict of interest policies, and any other regulations that guide the behaviour of the employees).

II. understand the past history of each area/function in relation to corruption or malpractices. Already available sources of information may prove helpful to better comprehend the risks. These include:
- Past organisational experiences in terms of malpractices/corruption that have occurred,
- Annual National Audit Reports/Results,

- Comments in the press
- Staff and client/customer complaints,
- Relevant ICAC reports or internal investigation reports
- Information from brainstorming and consultations discussions.

III. identify the source of the risks/weaknesses in the systems and procedures. They may arise due to face to face contacts with public, lack of accountability, transparency and supervision and inadequacy of controls in place, amongst others.

IV. Records weaknesses and associated corruption risks by allocating a unique reference number to each risk, providing clear descriptions of the corruption risks and determining the preconditions which will lead to the identified corruption risks.

An example of risk identification in the Procurement Process

➕ Corruption risk identification is conducted in the Procurement Section in a parastatal body with a view to identify possible risks of corruption.

Step 1 analyse the governance structure – study laws, regulations and manuals including work processes

Step 2 - Primary data may be collected by using two structured questionnaires, one meant for the Procurement Section whilst the second one for the interview of 5 members of staff of the organisation. Simple and direct questionnaires with not more than 10 questions are designed with a view to get information on the perception on the processes in the organisation and their possible weaknesses and strengths.

➕ Secondary data may also exist, namely, from Corruption Prevention Reviews (CPRs) conducted by the ICAC and internal audit report. This information, when analysed will give an idea of weaknesses in the systems for writing of specifications in the organisation.

Team discussions, brainstorming and consultations could also be used as they are less time consuming to get reliable information.

Following the above process, the sub-committee may record weaknesses, description of risks and corruption risks in the template as follows:

Department: Procurement

Activity/Function: Procurement		
Conducted by: Member of the Sub- Committee		
S/N	WEAKNESSES	DESCRPTION OF THE RISKS	CORRUPTION RISKS
1.	Only one person is responsible for the preparation and	Specifications tailor made to favour a particular contractor	(i) Bribery of public official

	finalisation of the specifications		(ii) Favouring a particular contractor in return of gratification
2.	The person involved in drawing the specifications is chairing of the bid evaluation exercise	Lack of segregation of duties in the procurement process	(i) Favouring a particular contractor in return of gratification

4.4   Recap

The purpose of risks identification is to help the members, conducting the CRM to understand the functions of key processes and their relation to potential corruption risks.

This chapter started with a definition of corruption risks. Finally, the risk identification process is explained with the different approaches used for identifying corruption risks in an organisation are given with the support of an example.

5.0 Introduction

Once the risks have been identified, an analysis of the level of such risks in terms of the chance (likelihood) they will occur and the severity or amount of loss or damage (impact) which may result if they do occur needs to be done.

5.1 Objectives of this chapter

The objectives of corruption risks evaluation/assessment are to enable public officers to:
- Understand the risk evaluation process;
- Assess likelihood of risks occurring and the impact; and
- Evaluate risk significance and prioritise risks.

5.2 Risk Evaluation

Once a list of corruption risks has been identified, an estimate of the likelihood of the corruption occurring, and how much harm will result if it does, must be developed. As no unique objective method exists for calculating either of these variables, the sub-committee members must develop estimates for the likelihood and potential severity of each risk, based on their knowledge and the information available.

Hence, in this step, two separate estimates for each type of corruption risk (identified in the risk identification step) are developed: first for the likelihood of the risk's occurrence and second for the potential harm if that risk did occur. The estimates of "low", "medium", or "high" may be considered.

These estimates are then combined into a single measure showing which ones would pose the most serious threat to the organization if they were to occur.

▪ **Likelihood corruption risks**

The likelihood of corruption risks occurring can be described below as:

- **Low**
- **Medium**
- **High**

▪ **Impact of corruption risks**

Similarly, with respect to the identified risk, the impact and consequences of the risk to the organisation needs to be determined. The impact of corruption risks may also be rated as:

- **Low**
- **Medium**
- **High**

▪ **Level of risk – Risk Rating**

The level of risk is determined by combining the likelihood of risks and the impact if it does occur. The different risk ratings are shown in the table below:

High	Moderate	High	Extreme
Medium	Moderate	Moderate	High
Low	Low	Low	Moderate
	Low	**Medium**	**High**

Risks in the three upper right-hand cells should all be considered major /high risks, as either the likelihood and impact are both "high", or one factor is "high" and the other is "medium" (grey shading). Similarly, if both the likelihood and impact are "low" or one is "low" and the other is "medium", the risk is considered "low" (blue shading). Those falling in-between the two are ranked "moderate" .

- ▪ **Risk Ranking**

Thus, by rating the likelihood and impact severity of identified risks, the sub-committee can rank which of these risks should be addressed as a priority. The overall risk should be ranked according to their rating in descending order starting from those risks that need most immediate attention to obtain a prioritised list. This list is important for the risk treatment.

5.3   An Example

The corruption risks identified in Chapter 4 in the procurement process may be evaluated using the methodology presented in this Chapter. The estimates of Low, Medium and High will be used to assess likelihood of risks and its impact. Based on previous experience, the member of the sub-committee rates the risks as follows:

Activity/Function: Procurement

Conducted by: Members of the Sub- Committee							
S/N	WEAKNESSES	DESCRIPTION OF THE RISKS	CORRUPTION RISKS	LIKEHOOD	IMPACT	OVERALL RISK RATING	RISK RANKING
1.	Only one person is responsible for the preparation and finalisation of the specifications	Specifications have been tailor-made to favour a particular contractor	(i) Bribery of public official (ii) Favouring a particular contractor in return of gratification	High High	High High	High High	1 2
2.	Absence of mechanism to manage situations of conflict of interests.	Situation of conflict of interest are not reported	(i) Risk of Conflict of Interest	Medium	Medium	Medium	3

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5.4   Template

The following template may be used by members of the sub-committee to present and report on the outcomes of the CRA exercise:

	Department			
	Activity/Function			
	Conducted by			
S/N	**WEAKNESSES**	**DESCRIPTION OF THE RISKS**	**CORRUPTION RISKS**	**OVERALL RISK RANKING**
1.				
2.				
3.				
4.				

5.5   An Exercise

An organisation has to purchase printing machines for different divisions. Tender documents have been sent to different suppliers. After the closing date for the submission of bids, suppliers have been requested to send their documents by fax. It has been noticed that the fax machine is accessible to officers having nothing to do with the procurement exercise. The remedial action to be taken is to issue a fax machine to the procurement officer only.

From the case study above, please complete the template provided in the section 5.4 above.

5.6   Recap

This Chapter describes corruption risks assessment/evaluation process. The corruption risks are evaluated by assessing the likelihood of risks occurring and the impact. They may be rated as high, moderate and low. Following the risk rating, the significance of corruption risk and prioritisation of risks is emphasised.

6.0   Introduction

Managing corruption risks entails putting into place strategies, policies and procedures to help reduce (or treat) the risks. The template provided in previous chapter, after having been filled in by the sub-committee conducting the CRA, provides the basis for identifying risk treatment options.

6.1   Objectives of this chapter

The objective of this chapter is to:

- Identify the range of options available for treating corruption risks;
- Assessing those options;
- Selecting the most cost-effective measures to address the risks; and
- Preparing corruption risks treatment plans and implementing them.

6.2   Managing Corruption Risks

Following the CRA, the identified and prioritized corruption risks need to be treated through the development and implementation of a corruption risk mitigation plan. This plan describes the controls that the organization aims to implement in order to mitigate the potential corruption risks prioritized during the previous step. Controls are the policies, processes and management systems designed to prevent, deter and/or detect improper actions, thereby reducing the organization's risk.

The anti-corruption plan that describes how the selected management actions should be applied and implemented should be prepared by the Sub-Committee and submitted to the ACC for discussions.

It is advisable for each action to have defined indicators to measure their impact and it is recommended to classify them in terms of short, medium, and long-term measures, depending on the nature of the risk being addressed and the anticipated duration of mitigation measures that will be required. In addition, the following should, also, be considered:

- Resources requirements (financial, human)
- Responsibilities
- Time frames
- Key performance indicators to measure impact (for example number of complaints on corruption, or malpractices reported, improved service delivery, number of investigations by ICAC)

Management options for treating corruption risks thus include:

1. Amending the existing controls that have been identified as inadequate or insufficient (supervision systems, policies and procedures);
2. Introducing new controls where gaps have been identified; and
3. Introducing new methods of detecting corrupt behaviour that could result from a particular risk.

The best action to manage a risk can be a combination of these three options. For example, the best treatment for a particular corruption risk might be amending an existing control (such as, improving a current policy) and introducing a new detection method (such as, improved

supervision and checking processes). The actions selected to manage corruption risks should be cost-effective and feasible.

Some examples are provided below for corruption risks which have already been prioritised.

6.3   Examples

A case study

A public organisation plans to request bids for the construction of a building. John works in the organization and is the son in law of Mr. Peter who is the contractor and owner of B & P Enterprise with more than 30 years of experience. John has been allocated the responsibility for preparing the specifications for the construction of the building and chairing the bid evaluation exercise. John knows that the only prospective contractor having more than 30 years of experience is B & P Enterprise.

John writes the specifications for the project to provide that the public organisation will only consider companies which have 30 or more years of experience.

Department: Procurement

Activity/Function: Procurement/ Writing of specifications

Conducted by: Mr X, Internal Auditor, Chairperson of Sub- Committee

S/N	WEAKNESSES	DESCRIPTION OF THE RISKS	CORRUPTION RISKS	PROPOSALS
1.	Given that Mr Y was the only person responsible for the preparation and finalisation of the specification, same was tailor made to include 30 years or more experience as one of the mandatory requirements.	Specifications were tailor made to favour a particular contractor	Bribery of public official Favouring a particular contractor in return of gratification	Ensure specifications are not tailor made.
2.	Mr Y was involved in drawing the specifications and chairing of the bid evaluation exercise thus having control and influence over the procurement exercise.	Lack of segregation of duties in the procurement process	Favouring a particular contractor in return of gratification	Ensure segregation of duties by allocating the different responsibilities to different staff.
3.	Absence of proper procurement infrastructure There was no procurement policy and procedure to clearly determine the responsibility of different staff in the procurement process.	Discretion is conferred	Bribery of public official	Develop a procurement policy and procedure.
4.	Absence of mechanism to manage situations of conflict of interests.	Situation of conflict of interest are not reported	Risk of conflict of interests	Put in place mechanism to detect and manage situations of conflict of interests.

Department: Inspection Department

Activity/Function: Inspection

Conducted by: Mr Z, Internal Auditor, Chairperson of Sub- Committee

S/N	WEAKNESSES	DESCRIPTION OF THE RISKS	CORRUPTION RISKS	PROPOSALS
1.	No written policy and procedures on inspection and enforcement	The absence of policy and procedures may lead to favouring a particular trader compared to another one.	Risk of abuse of office	Develop written policy and procedures on inspection and enforcement.
2.	Time lag between the date of conduct of inspection and submission of inspection report	The time lag may lead to manipulation of information to favour a particular trader. Misreporting of information	Risk of influence	Inspection report to be submitted on the date of the conduct of the inspection.
3.	No inspection checklist/form available to ensure that all important aspects are noted	The absence of a checklist/form may lead to important aspects not being recorded in exchange of bribery/gift.	Risk of abuse of office Risk of bribery of public official	To develop an inspection checklist/form which contains all aspects of inspection.
4.	Poor file and record management system	The absence of proper record management system may render the system vulnerable to manipulation/misreporting of information.	Risk of abuse of office	To put in place a proper record management system.
5.	Absence of mechanism to manage situations of conflict of interests	Favouring a relative against a contravention Leakage of insider information	Risk of abuse of office	To put in place a mechanism to manage situations of conflict of interests.

Department: Human Resource Department

Activity/Function: Recruitment and selection

Conducted by: Mr A, Internal Auditor, Chairperson of Sub- Committee

S/N	WEAKNESSES	DESCRIPTION OF THE RISKS	CORRUPTION RISKS	PROPOSALS
1.	Absence of proper policy, procedures and guidelines for recruitment and selection	Showing favouritism Falsifying documents Abuse of discretionary power	Risk of abuse of office Risk of influence	
2.	Absence of knowledge of the offence of Conflict of Interests.	No policy to manage COI	Risk of Conflict of Interests	To put in place a mechanism to manage situations of conflict of interests.
3.	No segregation of duties.	Showing favouritism Tamper and share with confidential information	Risk of influence Risk of abuse of office	Ensure that reports submitted by the Screening Committee, Shortlisting Committee and Interview Panel are duly signed by all members
4.	No proper recording of recruitment and selection process	Showing favouritism	Risk of abuse of office	

7.0   Introduction

Effective risk management requires continuous monitoring and review as the risks are dynamic and change over time. Changing circumstances and the operating environment may create new corruption risks and/or result in some corruption risks becoming either more or less significant.

Once the implementation of the risk treatment plan has started, it is important that the ACC, with the support of the sub-committee having worked on it, periodically reviews and evaluates the risk management strategies to ensure their implementation, effectiveness and relevance.

7.1   Objective of Monitoring and Review

The objectives of the monitoring and review process are to:

- ensure and assess progress in the implementation of the plan and identify constraints, if any;
- check the effectiveness of measures adopted; and
- identify new or changing risks.

7.2   Monitoring and Review Process

The ACC should decide on the timing for monitoring and review. This process will include follow-up on implementation of proposed actions and identification of constraints. To carry out this process, the ACC will require feedback from the person/team responsible for implementation in the form of comprehensive reports on progress. Subsequently, the ACC may opt for discussion sessions to obtain additional information, if necessary, and to decide on further actions required.

7.3   Assessing Achievement of Key Performance Indicators

The ACC has the responsibility to set its key performance indicators (KPIs), which may include for example, number of complaints on corruption or malpractices reported, quality of service delivery, inquiries by ICAC, value for money in procurement or criteria for effectiveness with respect to the risk treatment proposals.

These indicators serve as the basis in assessing the effectiveness of the corruption prevention measures and in making decisions on the need for adjustments where necessary.

7.4   Monitoring and Review Template

Activity/Function:				Department:	
Priority No	**Measures Proposed**	**Responsibilities**	**Schedule**	**Constraints**	**Implementation Status (as at)**
1.					
2.					
3.					
4.					

7.5   Conclusion

The purpose of a corruption risk assessment and management exercise is to identify and address specific institutional structures and systems and processes which may be more vulnerable to corruption. There is no one-size-fits-all methodology to corruption risk assessment and management. The critical factors for a proper CRM include:

- Commitment and leadership from top management;
- Commitment and proper guidance from Anti-Corruption Committee,
- Competent team members of ACC with knowledge, experiences and team spirit;
- Deployment of appropriate and necessary resources;
- Regular monitoring and sustaining of anti-corruption initiatives;
- Continuous training and awareness to foster ethical behaviour;
- Immediate initiation of actions against corrupt behaviour.

Corruption risk management is an ongoing process. Changing circumstances and the operating environment may create new corruption risks. Therefore, this process should be continually reviewed and new strategies developed to counter emerging risks through the introduction of new controls or of existing ones.