

The Function of Risk Management as a Proactive Strategy for Combating Corruption in the Public Sector

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Abstract: There is no doubt that improving the performance of government organizations, as well as private sector institutions in all their forms, and enhancing the quality and effectiveness of their services, begins with addressing the phenomenon of corruption. This confrontation must proceed through two interrelated approaches that must be implemented simultaneously: a proactive approach, whereby organizations and institutions apply a corruption risk management strategy by establishing a set of measures and procedures intended to prevent corruption and detect its indicators before it occurs; and a repressive approach, which consists of imposing sanctions on corrupt employees and stakeholders. This study outlines the key elements of the proactive approach, details the operational steps and mechanisms of risk management, explains how it is applied and conducted, and assesses its effectiveness in confronting the phenomenon of corruption, which continues to erode the structures and processes of these organizations.

Keywords: government organizations –public sector– Administrative Corruption – Risk Management-gouvernance.

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Introduction:

A public employee (civil servants) is any individual who holds a legislative, executive, administrative, or judicial position, whether appointed or elected, permanent or temporary, paid or unpaid, regardless of seniority. Alternatively, it refers to any person who performs a public function for a public authority or institution, or provides a public service.

Undoubtedly, the majority of civil servants in state institutions of all kinds; whether administrative, political, economic, security-related, judicial, or others; are expected to carry out their duties with honesty, integrity, honor, diligence, and responsibility, whether driven by personal convictions, ethical religious motives, or fear of punishment. This assumption is the fundamental basis, and it ensures that citizens' affairs are handled smoothly, that these institutions operate effectively, and that the affairs of the state are properly managed.

However, there are exceptions, as in certain cases, some civil servants may engage in corrupt activities, based on the principle that every rule has its exceptions, or at least exhibit a tendency towards corruption due to their social or financial circumstances, driven by greed and a desire for a better life. This is further exacerbated by flaws in their morals and religious principles, even at the expense of the state and society. Their personal interests outweigh all other considerations, even the public interest, and they exploit this interest for personal gain and to fulfill their own needs.

The presence of corrupt civil servants, or those susceptible to corruption, is not a trivial matter; rather, it is a direct consequence of the existence of corrupt citizens who perceive their interests as the highest priority. In order to achieve these interests, they exploit any means, even if unlawful, and regardless of the harm it may cause to both society and the state, even when the benefit they gain is minuscule in comparison to the damage inflicted on the public sector.

Undoubtedly, a person external to the public or private institution cannot engage in suspicious dealings without internal collusion from within the institutions, based on mutual benefit. A corrupt civil servant, seeking personal gain, which may be material or immaterial, for themselves or their relatives, exploits their position, authority, and the powers granted to them, or, based on the information at their disposal, facilitates the dubious desires of corrupt citizens and assists in fulfilling their illicit needs without legal right. This is achieved by violating laws and circumventing procedures, thus depriving other citizens of their legitimate rights. This phenomenon jeopardizes the credibility and stability of state institutions. This is, of course, evident in the cases we encounter daily in our dealings with various administrations, or through citizen complaints, media reports, or cases handled at the judicial level, such as public procurement crimes that benefit those who are undeserving, tax evasion crimes facilitated by internal institutional collusion, or through the ostentatious lifestyle of employees, including the ownership of luxury properties and vehicles despite limited incomes that do not match their material gains.

Thus, all state institutions may face the risk of corruption spreading within their structures. It is sometimes wise to assume that every civil servant may be susceptible to corruption, and that the organization itself is vulnerable to it. It is also prudent to establish a proactive strategy at the institutional level to combat this risk within the framework of what is known as corruption risk management.

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Research Question:

How is the process of evaluating and managing proactive corruption risks conducted at the level of public institutions, and what are its steps?

Sub-Questions:

- What is the definition of corruption?
- What do we mean by institutional risk management? And what do we mean by corruption risk management?
- How is a corruption risk mitigation plan developed?
- What are the steps involved in the process of evaluating corruption risks?

Importance of the Topic:

There is no doubt that improving the performance of government organizations, enhancing the quality of their services, and building trust between the public and the state begins with addressing the phenomenon of corruption. Therefore, it is essential for the state to proactively confront this phenomenon through a risk management process. This study is very important as it outlines the key elements for applying a corruption risk management strategy at the level of government organizations and private sector institutions.

Objectives of the Topic:

The aim of this study is to highlight the process of corruption risk management in government organizations as a method to combat corruption proactively, and to clarify its steps.

Methodology of the Study:

This study is descriptive in nature, aiming to describe and clarify the process of evaluating and managing corruption risks in public administration.

Structure of the Study:

The topic of the study is divided into two main sections. The first section is dedicated to the theoretical framework of corruption and institutional risk management, while the second section focuses on evaluating and managing corruption risks in the public sector, as follows:

I. The Theoretical Framework of Corruption and Institutional Risk Management

This section will examine the theoretical framework of both corruption and institutional risk management as follows:

First : The nature of corruption

1- The concept of corruption and its types :

A. The Concept of Corruption :

The concepts of corruption vary, but most of them converge on a common framework with almost identical characteristics. Corruption may be referred to as "the deviation in the performance of public functions through bribery and favoritism,"¹ or it may refer to the deterioration of integrity, virtue, and moral principles. Corruption may also be defined as "the actions performed by an individual or a group of individuals without legal right to gain benefits and advantages through means that violate national laws and regulations."² In another definition, corruption may mean "the misuse of public authority or public trust for the purpose of achieving personal gains," or "the misuse of public funds or office for personal or political profit." It has also been defined as "the request, offer, giving, or acceptance of a bribe or any undue benefit, or the promise of such, whether directly or indirectly, which would distort the proper performance of any duty or behavior expected from the recipient of the bribe."³

B. Manifestations and Types of Corruption:

There are several types of corruption, including, but not limited to, the following:

Administrative Corruption:

This refers to "any illegal act, whether material or ethical, committed by individuals within an organization with the aim of achieving personal interests, leading to the waste of state resources and negatively impacting development," or "a set of actions that violate the law and the principles of administrative work, which aim to influence public administration, its decisions, or activities in order to benefit from public office." It may also refer to "the abuse of official influence to gain a private benefit."

Financial Corruption:

It is defined as "the violation of financial rules and regulations that govern the financial operations of the state and the breach of directives set by oversight bodies," or "the abuse of power to gain unlawful financial gains through violating laws and disregarding ethical conduct principles."⁴ Corruption naturally reaches its highest levels in areas where public funds are concentrated.⁵

¹ - Ataa Mahmoud Ataa Ammar, Prevention, Punishment, and Treatment: Approaches to Combat Corruption, A Comparative Study between the United Nations Convention Against Corruption and National Legislation, p. 3.

² - Ataa Mahmoud Ataa Ammar, Prevention, Punishment, and Treatment: Approaches to Combat Corruption, A Comparative Study between the United Nations Convention Against Corruption and National Legislation, p. 3.

³ - Anti-Corruption Audit Guide, GUID 5270, International Organization of Supreme Audit Institutions, INTOSAI, 2019, pp. 4-7.

⁴ - Integrity, Accountability, Transparency, and Anti-Corruption Framework, Rashid, Transparency International, Jordan, 2019, pp. 7-24.

⁵ - National Anti-Corruption Strategy, Lebanon, 2020-2025, p. 20.

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Naturally, there are various other forms of corruption; however, the focus of this study is primarily on administrative corruption and financial corruption, given their direct relevance to public sector institutions.

Furthermore, corruption manifests in several forms, as delineated in the United Nations Convention against Corruption:

Bribery:

Bribery is a pervasive phenomenon that undermines good governance, hampers development, distorts competition, eradicates justice, and undermines human rights. It is a significant obstacle in the fight against poverty, potentially leading to loss of life and property, while eroding trust in institutions.⁶

Bribery involves the promise of an undue benefit to a public official, its offering, or its granting. Conversely, it may also refer to the act of a public official directly or indirectly soliciting or accepting an undue benefit, either for themselves or for another individual or entity, in exchange for performing or refraining from performing an act within the scope of their official duties.⁷ Bribery can encompass the provision of monetary sums, payment of expenses, meals, entertainment, gifts, or even sexual services.⁸

Embezzlement:

Embezzlement refers to the misappropriation of funds or assets for the benefit of the employee or another party, or the mismanagement or unauthorized disclosure of public or private property, funds, or financial documents. An example of embezzlement could include inflating invoices or using government vehicles for personal purposes.

Influence Peddling:

Influence peddling refers to the act of a public official or any other individual promising, offering, or granting an undue benefit, or the same official directly or indirectly soliciting or accepting an undue benefit for themselves or for another party, in exchange for using their actual or perceived influence to obtain an undue advantage from a public administration or authority, either for the initiator of the act or for another individual.

Abuse of Office:

Abuse of office refers to the act of a public employee exploiting their position or responsibilities by performing or failing to perform an action while carrying out their duties in order to obtain an undue benefit for themselves or for others. This includes situations where an official grants a government contract, issues a decision that affects their own organization or assets, or benefits individuals within their close circle.

⁶ - Anti-bribery Management Systems, Requirements with Guidance for Use (E), Systèmes de Management Anti-Corruption, Exigences et Recommandations (F), 2016 ISO 37001.

⁷ - Anti-Corruption Code of Conduct, SONATRACH, p. 14.

⁸ - Integrity Case Study: A Guide to Assessing Corruption Risks in Public Institutions, United Nations Office on Drugs and Crime, UNODC, Vienna, Austria, 2021, p. 43.

Illicit Enrichment:

Illicit enrichment refers to an increase in the assets of a public employee that cannot be justified in relation to their income.⁹

2-Causes and Consequences of Corruption:

A. Causes of Corruption:

There are several factors that drive corruption within public and private sector organizations. Among these factors are human flaws¹⁰, including the pursuit of personal desires, and the weakening of religious and ethical motivations. Other contributing factors include low salaries, high living costs, lack of transparency, absence of accountability, weak oversight bodies, lack of independence of regulatory agencies, inadequate monitoring of job performance, and the absence or inadequacy of anti-corruption laws and regulations.¹¹ Additionally, administrative corruption is also fueled by leniency in enforcing the law against wrongdoers¹². Corruption can also have political, social, cultural, or environmental causes, among others.

B. Consequences of Corruption:

There is no doubt that corruption, which has spread on a global scale, has devastating and far-reaching consequences. This phenomenon has significant negative impacts across all sectors without exception. Corruption is considered one of the primary obstacles to human development and development in general¹³, as it adversely affects economic performance by reducing investment and stunting economic growth. It is one of the major barriers to social development and corrupts the business environment.¹⁴

Furthermore, corruption poses a threat to security and incurs high costs on the state treasury. It has destructive effects on society and erodes trust in public institutions¹⁵, damaging the image of local and regional public authorities, which are meant to serve the interests of citizens.¹⁶

⁹ - United Nations Convention Against Corruption, United Nations, Office on Drugs and Crime, New York, 2003, p. 19.

¹⁰ - Anti-Corruption Audit Guide, GUID 5270, Previous Reference, p. 12.

¹¹ - Leila Ali Ahmed Al-Shahri, Previous Reference, pp. 277-279.

¹² - Amal Hafnawi, Factors Leading to Administrative and Financial Corruption and Global Indicators for Measuring It, Eliza Journal for Research and Studies, Volume 04, Issue 01, 2019, p. 121.

¹³ - Jan Christoph Richter, Greta Viner, Guidance Note: Self-Assessment for Implementing the United Nations Convention Against Corruption, United Nations Development Programme (UNDP), Arabic Edition, Mahmoud Sabra (Translator), Jack El Asoud (Reviewer), p. 4.

¹⁴ - The Anti-Corruption Union, Anti-Corruption Guide: Joint Procedures, United Nations, 2021, p. 4.

¹⁵ - Good Governance: Policies and Anti-Corruption Bodies, Integrity Centre in the Defense Sector, 2015, p. 3.

¹⁶ - Public Ethics, Combating Nepotism at Local and Regional Authorities, Conference of Local and Regional Authorities of the Council of Europe, 2019, p. 8.

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3-The Necessity of Combating Corruption:

Corruption is an act that is tied to a three-dimensional system: the state, institutions, and individuals¹⁷. It is one of the symptoms of deep-rooted issues within society and one of the governance problems that remains unresolved, stemming from the incomplete process of building an effective and accountable state. Corruption is a manifestation of dysfunction in state management, where institutions intended to regulate the relationships between citizens and the state are instead used for personal enrichment and to grant privileges to the corrupt.¹⁸

Therefore, authorities must, in order to tackle corruption, assess its spread and define efforts to combat it by implementing appropriate policies¹⁹, designing a robust and relevant approach to measure corruption²⁰, and adhering to a framework of accountability. It is also crucial to establish suitable penalties for various forms of corruption, including the mandatory establishment of an effective system to combat bribery.²¹

In a different context, and with the aim of reinforcing corruption prevention within the public sector, it is imperative to adopt a specialized strategy that guarantees the efficacy and efficiency of public service provision²². The foundational step in this regard must be the reform of civil servants. The state must endeavor to ensure that non-elected appointments adhere to the principles of transparency, competence, merit, eligibility, and fairness, thereby implementing objective standards when evaluating candidates for public positions, while steering clear of practices such as nepotism and clientelism. Additionally, the state must enact legislative measures to establish clear criteria for both candidacies to public office and electoral processes, ensuring strict adherence to these criteria. Moreover, it must facilitate mechanisms that foster transparency in election campaign financing and political party funding, while concurrently preventing conflicts of interest.

Furthermore, the state must allocate particular attention to positions of heightened sensitivity and those prone to corruption risks. This necessitates the establishment of specialized procedures, such as comprehensive training programs and the institutionalization of position rotation. It is equally vital to introduce educational and training frameworks designed to equip civil servants with the requisite knowledge and skills to uphold their professional obligations. In parallel, the state should incentivize public employees by offering remunerations that are both equitable and commensurate with their responsibilities.²³

¹⁷ - Integrity, Accountability, Transparency, and Anti-Corruption Framework, Rashid, Transparency International, Jordan, 2019, p. 19.

¹⁸ - Corruption and Good Governance, Administrative Development and Governance Management Unit, Development Policy Office, UNDP, New York, July 1997, p. 6.

¹⁹ - Corruption Measurement and Anti-Corruption Guide, UNDP, ACIA, p. 3.

²⁰ - Elizabeth David-Barrett and Dieter Zinnbauer, Measuring Integrity for Better Understanding and Tracking Corruption: Robust, Relevant, and Useful Measurement, 01 November 2022, INSIGHTS, p. 2.

²¹ - ISO 37001, Anti-Corruption Management Systems, National Certification Forum Edition, 2017, p. 6.

²² - Kuwait Strategy to Promote Integrity and Combat Corruption, 2024-2019, p. 19.

²³ - United Nations Convention Against Corruption, UNODC, New York, 2003, pp. 10-11.

On the other hand, it is imperative for organizations and institutions of all kinds—whether public or private, economic, social, cultural, educational, or otherwise—to adopt work environments that are more ethical, transparent, and less prone to corruption.²⁴

In terms of transactions, a suitable system based on transparency, standards, and fair competition must be established. Additionally, it is crucial to ensure the proper dissemination of information regarding contracts and their procedures, as well as the public announcement of tenders, their awarding, and the provision of adequate time for these processes, accompanied by the publication of relevant conditions and criteria. An effective system for monitoring the adherence to rules and procedures should be set in place to ensure compliance.

When it comes to managing public funds, it is necessary to implement procedures that enhance transparency and accountability. This includes specific measures for the approval of budgets, timely reporting of expenditures and revenues, and the establishment of a comprehensive system for auditing and review, alongside corrective actions to maintain the integrity of financial documentation.

Furthermore, institutions and companies should establish ethical codes of conduct and behavioral guidelines to regulate the actions and ethics of their employees. This will ensure the proper, honorable, and sound performance of public duties. Disciplinary measures and sanctions must be put in place for violations of the established ethical codes.

Additionally, it is vital to implement mechanisms and systems that facilitate the reporting of any corrupt practices by employees. Employees must also be required to disclose any other activities, employment, investments, gifts, or benefits that could lead to conflicts of interest.²⁵

Secondly: The Concept of Institutional Risk Management and Its Importance

1-The Concept of Institutional Risk Management:

Risk management refers to the establishment of a structural framework and a set of approaches and activities that monitor and control the risks faced by an organization, which may impede its ability to achieve the objectives for which it was created.

The concept of institutional risk management pertains to the methods and processes employed by an organization to manage potential threats and capitalize on opportunities, ensuring that its goals are achieved within predetermined risk tolerance levels. Therefore, the risk management strategy must be an integral part of the organization's structure, activities, operations, and goals in order to create value, enhance transparency, maintain continuity and effectiveness, and fulfill its core mission.

The role of risk management must operate within specific principles, which consist of a set of rules and guidelines to be followed at all organizational levels. This approach should adhere to the methodology of applying administrative and procedural policies, aiming to establish a working context, facilitate communication with stakeholders, and encompass identification, analysis, evaluation, treatment, monitoring, and review of risks.²⁶

²⁴ - The Anti-Corruption Union, Anti-Corruption Guide: Joint Procedures, United Nations, 2021, p. 10.

²⁵ - United Nations Convention Against Corruption, Previous Reference, pp. 12-13.

²⁶ - Corporate Risk Management, Risk Management Platform (RMP), 2021, pp. 1-4.

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2-The Necessity of the Risk Management Function in Organizations:

Risk management is an integral part of organizational activities²⁷, which institutions must adopt, especially in addressing corruption. While corruption can be prosecuted after it occurs, it primarily requires prevention²⁸. Modern corruption risk management programs are rooted in the need for organizations to proactively address harmful events affecting both the public and the institutions themselves.²⁹

Therefore, the risk management function plays a significant role in mitigating risks within organizations, whether in the public or private sector. It contributes to:

- Preventing risks that surround the organization and potential risks, helping to reduce their consequences.
- Activating the system of monitoring and early warning, enabling the prediction of risks before they occur.
- Preventing financial losses.
- Preserving the organization's reputation.
- Supporting the organization in achieving its goals and performing its activities efficiently and effectively.³⁰

Accordingly, it is essential to establish a risk management function within the organization to protect it from risks and internal environmental changes, as well as external risks, whether at the level of structures, strategies, plans, or even the technologies used. Additionally, it is important to integrate fraud and corruption risk assessments, review systems, test controls, and measure performance for continuous improvement. Proactive evaluations of fraud and corruption risks should be conducted, with controls selected periodically and monitoring plans revised.³¹

It is worth noting that designing and implementing an effective system to mitigate and combat corruption is a challenge for every organization, requiring active participation and professional governance from all public employees. The role of the management function at all hierarchical levels is crucial for an effective anti-corruption system.³²

II. Section Two: Assessment and Management of Corruption Risks in the Public Sector

"The administrative apparatus is the cornerstone of the state's efforts in combating corruption, as it is the primary body entrusted with implementing the state's public policies on

²⁷ - International Standard ISO 31000, Risk Management Guidelines, Second Edition, 2018-02, p. 3.

²⁸ - Asian-African Legal Consultative Organization (AALCO), India (AALCO/49/DAR ES SALAAM/2010/S 11; New Delhi), p. 7.

²⁹ - Integrity Case Study: A Guide to Assessing Corruption Risks in Public Institutions, Previous Reference, p. 35.

³⁰ - Corporate Risk Management, Previous Reference, pp. 1-3.

³¹ - Integrity Principles and Maturity Indicators, Commonwealth Integrity Maturity Framework, Australian Government/National Anti-Corruption Commission, p. 17.

³² - Anti-Corruption Audit Guide, Previous Reference, p. 20.

the one hand, and the true mirror of the daily direct interactions between citizens and employees on the other hand."³³

Every public or private institution is vulnerable to corruption risks. Among the examples of manifestations and forms of corruption that may affect an institution are the exploitation of power by public employees, their acceptance of bribes, or the use of favoritism. External parties may approach these employees to seek exemptions from taxes, import duties, or reduced payments of amounts owed, or to ensure that public contracts, whether tenders or auctions, are awarded to them. Additionally, corruption may take the form of issuing orders, permits, or licenses that are not in accordance with the law. Corruption may also involve failure to report violations, halting legal proceedings, or stopping investigations when the contact's purpose is the enforcement of laws or regulations. Internal forms of corruption may involve employees of the institution engaging in embezzlement, fraud, or theft of the institution's property, information, data, or finances, resulting in financial losses for the organization.³⁴

Due to the widespread nature of corruption within institutions, self-assessment becomes a central tool for combating it, enabling progress toward effective anti-corruption measures. Self-assessment encourages a participatory process that originates internally to promote reforms through evaluating the capacity of systems and laws.³⁵

The responsibility for preventing corruption lies with the executive management team. High levels of leadership and commitment to combating corruption are essential, and managers must adopt strong leadership and maintain an appropriate level of accountability and responsibility to uphold integrity.³⁶

First: The Preparatory Stages for Evaluating and Managing Risks at the Level of Public Institutions:

Corruption prevention and repression are two essential strategies that must be implemented simultaneously. Diagnosis serves as the first step in combating corruption, which is inherently a complex phenomenon. Addressing it requires a comprehensive approach rather than a simplistic one. It necessitates decisive and sustained efforts to reinforce integrity across organizational, political, and administrative levels in both the public and private sectors. Therefore, preventive and repressive measures must be adopted concurrently.³⁷

Among the preventive measures, institutions must implement risk assessment processes to identify areas of activity particularly vulnerable to corruption. Government institutions should conduct risk analyses periodically and specifically when these risks materialize³⁸. This process enables an effective evaluation of risks, allowing for appropriate remedial actions.³⁹

Before embarking on risk assessment and developing a plan to combat corruption, it is essential first to define the scope of the assessment. It should be assumed that, like any other institution, the organization and its employees are susceptible to corruption and may not be

³³ - National Anti-Corruption Strategy, Egypt, 2023-2030, p. 36.

³⁴ - Integrity Case Study: A Guide to Assessing Corruption Risks in Public Institutions, Previous Reference, p. 12.

³⁵ - Jan Christoph Richter, Greta Viner, Previous Reference, p. 8.

³⁶ - Compendium of Integrity Best Practices - WCO 2007, p. 4.

³⁷ - Good Governance: Policies and Anti-Corruption Bodies, Integrity Centre in the Defense Sector, 2015, pp. 17-20.

³⁸ - Anti-Corruption Audit Guide, Previous Reference, p. 24.

³⁹ - International Standard ISO 31000, Second Edition, 2018-02, Risk Management Guidelines, p. 10.

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immune to questionable practices. Therefore, proactive and reactive measures must be taken to address these risks. Moreover, a genuine desire to uncover and rectify deficiencies within the institution is crucial, along with a commitment to managing corruption risks. This process should involve continuous and regular evaluation, with active participation from all employees, from top management to the lowest administrative or professional level.

The process of risk assessment requires the development of a plan to mitigate corruption risks. Initially, the institution must form a specialized team, tailored to the specific needs of the organization, and equipped with both human and material resources.

In terms of human resources, the team must include skilled employees and experts with extensive experience, as well as knowledge in all operational fields and support services within the institution. This includes roles such as accountants, who should be formally appointed by the management and designated as part of the team, with a designated leader responsible for overseeing and uncovering manipulations. These individuals should be given sufficient time to focus on their supervisory and follow-up tasks, by reducing their routine burdens within the organization, thereby compensating them for the additional time consumed by their responsibilities.

On the financial side, it is impossible to envision an effective anti-corruption initiative without sufficient funding. Regarding material resources, the team should be supported with necessary equipment, office supplies, and other essentials, such as communications, printing, and copying costs. The team's size, resources, and available time should correspond to the size of the institution, its branches, and operational structure. Additionally, the team may involve stakeholders from outside the institution.

The team must be led by a senior-ranking employee, and the appointed team members should be well-versed in the workings of the institution across all its areas. They should have legal expertise and a strong understanding of procedures to identify weaknesses. Their goal is not to investigate or uncover corrupt activities but to identify operational flaws that could be exploited by corrupt individuals.

It is essential that all employees within the institution are made aware of the team's purpose, composition, and their ongoing communication. This transparency will alleviate any concerns and help employees understand that the process is not an investigation but rather a risk assessment aimed at identifying potential vulnerabilities. Cooperation between employees and the team is crucial.

Employees play a key role in the evaluation and anti-corruption efforts. They have the most intimate knowledge of the institution's internal affairs, procedures, and operations, which allows them to identify weaknesses and implement effective assessment methods based on self-evaluation. Moreover, the outcomes of the process will be binding for their colleagues, ensuring institutional accountability.

The primary objective of the team is to mitigate corruption risks and strengthen the existing integrity controls, or to design new controls that aim to pinpoint areas of vulnerability. The team should commence its duties as soon as it is established, beginning with introductory meetings that outline the broader objectives, along with agreeing on administrative and technical matters. Senior leadership must fully support the team by providing the necessary resources. Furthermore, the team should clarify that its purpose is not to monitor individual

employees but rather to offer an overview of how corruption can infiltrate any organization and provide examples of proven weaknesses.⁴⁰

Secondly: The Process of Assessing Corruption Risks at the Level of Public Institutions and Its Steps:

Combating corruption represents a concrete operational imperative for public institutions and corporate entities⁴¹. As previously noted, any state institution may be exposed to corrupt practices within its operations due to inherent vulnerabilities or systemic flaws that can be exploited both internally by employees and externally by third parties to facilitate illicit transactions. Moreover, corrupt actors demonstrate an ability to adapt to any organizational or procedural changes, continually seeking alternative avenues for exploitation. Consequently, it is essential to address these points of weakness and dysfunction within the institution to ensure its continued viability. This can only be achieved by devising an effective strategy that preemptively identifies and updates such vulnerabilities, with the aim of eradicating both existing and potential risk points. Therefore, the initial step must involve assessing corruption risks at the institutional level as a systematic instrument for detecting and combating corruption in an adaptive, parallel, and predictive manner, taking evolving environmental and procedural changes into account.

To this end, the first step should be to assess the current risks based on priority, as some instances of corruption are more significant and impactful, requiring immediate attention due to the large losses they incur, while other secondary forms of corruption have a more superficial effect. Therefore, the assessment should begin by identifying the major and most damaging corruption attempts, followed by an evaluation of the effectiveness of the measures in place to combat them. Afterward, periodic assessments should be conducted to identify the remaining secondary cases, with a subsequent evaluation of the effectiveness of the countermeasures, continuing in this iterative process until all possible avenues for exploitation are sealed. This process, however, is temporary, as, as previously mentioned, there will always be adaptability and emerging developments that corrupt actors can exploit to search for future vulnerabilities. Hence, preventive measures must be continuously implemented.

The assessment should be conducted internally due to its speed and low cost, as it is more efficient than external evaluations. However, external experts can be consulted if they possess more advanced techniques or expertise than the institution itself. Nonetheless, the law may require external evaluations, particularly in cases where internal complicity is suspected—especially by decision-makers who may themselves be corrupt or resistant to change, seeking to maintain the status quo due to personal interests benefiting from the existing system.⁴²

The Process of Risk Assessment and Planning Includes the Following Steps:

Step One: Assessing the Work Environment

Firstly, at the external level, it is essential to evaluate how external factors influence the institution's plan and consider the external factors that shape the behavior of the institution and

⁴⁰ - Integrity Case Study: A Guide to Assessing Corruption Risks in Public Institutions, Previous Reference, pp. 10-12.

⁴¹ - The Anti-Corruption Union, Anti-Corruption Guide: Joint Procedures, United Nations, 2021, pp. 5-9.

⁴² - Integrity Case Study: A Guide to Assessing Corruption Risks in Public Institutions, Previous Reference, pp. 1-2.

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its employees, as well as the powers and limitations the institution has over these factors. Among the factors the working team must assess are the legal, regulatory, financial, economic, technological, and competitive environments.

The team should examine the laws governing the institution and its powers, who supervises it, who conducts the financial audits, who investigates corruption complaints, who the stakeholders are, the degree of adherence to the institution's rules and regulations, and the nature of the relationship between the institution and its stakeholders.

Secondly, at the internal level, the institution must evaluate its internal environment, including its organizational structure, responsibilities, transaction procedures, employee management, appointments, promotions, employee conduct, and any potential conflicts of interest. The institution should also examine the existence of channels and procedures for reporting corruption, how whistleblowers are protected, and the rules governing public funds and how they are internally monitored.

There are factors that constitute an effective internal control environment for any public institution, such as the competence and integrity (both personal and professional) of employees, management philosophy and approach, the institution's organizational structure, and ultimately, the human resources policies and procedures.⁴³

Step Two: Identifying Potential Corruption Risks

The second step in the process involves identifying the types of corruption risks that the institution is exposed to or may be vulnerable to. During this step, the working team, in collaboration with employees, will review the tasks the institution performs and identify areas where a suspect individual could benefit from illicit activities. A list of potential corruption schemes will be developed, based on predictive future scenarios.

Weaknesses and corruption risks within the institution can be identified in several ways, including identifying areas of poor performance, such as deficiencies in outcomes or tasks that have declined compared to previous levels.

Among the potential forms of fraud that might arise are cases in which an employee tasked with collecting fees might misappropriate some of the funds without recording them, theft after registration, theft from inventories, or submitting an invoice for work not actually performed, with complicity from the supplier.

During the sessions, it is important to avoid succumbing to pressures from senior staff, to refrain from hasty conclusions, biases, or attempts to exclude certain forms of corruption. It is critical not to settle for safeguards against only one type of corruption.

Step Three: Analyzing Corruption Risks

After identifying a list of potential risks, an analysis is conducted to determine their nature and causes, which should be based on integrity.⁴⁴

⁴³ - Integrity Case Study: A Guide to Assessing Corruption Risks in Public Institutions, Previous Reference, pp. 13-16.

⁴⁴ - International Journal of Government Auditing, Winter Issue 2028, p. 35.

This phase aims to build an understanding of the nature of the identified risks, as well as to assess the soundness of the discussions and results obtained during the meetings. This can be achieved by reviewing documents, records, previous disciplinary actions, or conducting interviews with employees.

A review of existing anti-corruption controls is one of the starting points, and studying deviations serves as evidence either of a deterioration in the effectiveness of these controls or as an indicator that they frequently conflict with the institution's operational tasks. Both outcomes are strong indicators that a reassessment of the controls is necessary.

Step Four: Evaluating Corruption Risks

Undoubtedly, identifying and addressing each corruption risk, in order to prove the existence of an appropriate compliance system, requires prioritizing the risks.

After preparing a realistic list of vulnerabilities related to corruption, an assessment must be made regarding the likelihood of their occurrence, the extent of the damage that would result if they were to happen, as well as the type of damage—whether financial, affecting the institution's reputation, undermining public trust, or other forms. It is also necessary to establish a scale for this evaluation.

Step Five: Preparing, Finalizing, and Approving the Corruption Risk Mitigation Plan:

This step involves addressing the identified corruption risks that have been previously prioritized by the team, based on the earlier steps. This is achieved by developing a detailed plan, with specific actions, procedures, and measures designed to prevent and detect corruption. The controls should be practical, specific, clear, cost-effective, feasible, and integrated into the institution's operational and strategic plans, with timelines that ensure effective implementation. These controls include policies, processes, and management systems designed to prevent, detect, and deter improper actions.

If the team finds that any of the existing controls within an institution are of moderate effectiveness or ineffective, additional controls need to be designed.

Examples of corruption risk controls include, for instance, a public servant accepting a bribe to approve a product that does not meet specifications. The existing controls could involve a code of ethics or anti-bribery regulations. The remaining risks may involve employees disregarding the law or the code. Additional controls could include having the product inspected by other qualified personnel, assessing the lifestyle of the employee, and conducting unannounced visits to the supplier's facilities.

External controls are also part of the system, including mechanisms for public transparency and external audits of institutional policies and decisions. These controls may involve publishing institutional financial reports, expenditure patterns, and governance structures, allowing external stakeholders to review and analyze the data, ensuring its compliance with legal standards.

The plan must be approved by senior management and should outline clear timelines for the implementation of controls. A designated individual should oversee each action outlined in the plan, with binding oversight mechanisms to ensure its execution.

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Examples of mitigation measures include automating the tendering process from pre-contract phases to awarding, with clear assignment of responsibilities, identifying the human and financial resources required, and setting timelines for implementation.⁴⁵

Finally, the mitigation plan must be integrated into the institution's operational and strategic action plans to ensure that sufficient time and financial resources are allocated to its implementation. Once approved, the plan should be implemented immediately, while maintaining confidentiality where appropriate. The execution of the plan should be monitored and evaluated, with necessary adjustments made to processes, infrastructure, and institutional capacity.

Conclusion:

The objective of the risk assessment and management process is to establish a set of measures that the institution can take to prevent corruption and identify its indicators before it occurs.

Clarifying the risks of corruption and addressing them involves identifying the work environment in which the assessment takes place, then determining the corruption risks that the institution might face. Afterward, the types of corruption that must be addressed immediately should be prioritized, followed by the development of a plan to mitigate the risks of corruption at minimal cost and with available resources by setting and determining indicators to assess the risk. These measures should then be implemented. Finally, the impact of the measures should be evaluated, recommendations should be provided, and the process, infrastructure, resources, and capabilities should be adjusted.

In conclusion, concurrent and post evaluations are essential to ensure the effectiveness of the measures adopted to combat corruption. Supervision, verification, and ongoing review of anti-corruption measures are necessary. Monitoring is intended to determine the current situation to verify whether the corrective strategies have been implemented effectively. The principle of auditing should also be adopted as an activity aimed at determining whether the measures are suitable, adequate, and effective in achieving the intended goals of reducing and mitigating risks.

⁴⁵ - Integrity Case Study: A Guide to Assessing Corruption Risks in Public Institutions, Previous Reference, pp. 20-27.