



SEE2020 SERIES

Corruption Risk Assessment in Public Institutions in South East Europe

Comparative Research and Methodology



RegionalCooperationCouncil

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Regional Cooperation Council

SEE2020 SERIES

CORRUPTION RISK ASSESSMENT IN PUBLIC INSTITUTIONS IN SOUTH EAST EUROPE

Comparative Research and Methodology

Prepared for the Regional Anti-Corruption Initiative (RAI)
by
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**I have been impressed with
the urgency of doing. Knowing
is not enough; we must apply.
Being willing is not enough; we
must do.**

(Leonardo da Vinci)

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¹ *This designation is without prejudice to positions on status and is in the line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

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1. INTRODUCTION

The purpose of this paper is to provide different options, integrated framework and practical advice to conduct tailored corruption risk assessment(s) efficiently and comprehensively, and consequently to improve or upgrade governance / management of public sector institutions on integrity grounds in Southeast Europe (SEE). The paper builds on international best practices, theory and research as well as the personal experience of the author who was involved in the implementation of a new system of integrity plans in the Republic of Slovenia in the period 2011 - 2013.

The discussion on corruption and integrity risk assessment in SEE is timely. However, the incontestable fact is that there is no (and can be) no 'one size fits all' approach either in the fight against corruption or in corruption prevention. Corruption and integrity shortcomings can be rather easy to cope with if occurring only in one particular institution (micro level), while the system as a whole (macro level) is intolerant of corruption. But only rare countries have succeeded to establish or develop such environment, and even these countries are not completely corruption free (e.g. Hong Kong, Singapore) because inclination to corruption is, to some extent, part of human nature.

Based on available international corruption reports and mechanisms (developed by Transparency International, GRECO, OECD, World Bank, etc.), it can be said that SEE region faces corruption issues (in various forms and extent) that need to be addressed constantly and seriously. In this region (as well as in many other regions worldwide), corruption and integrity shortcomings never come alone. They are both the cause and the result of numerous governance failures, political deficiencies, economic dysfunctions and are even culturally and historically coloured. Effective measures to address corruption and manage integrity risks must take into account these factors to avoid the trap of tackling the symptoms but leaving the underlying disease untreated. For anti-corruption programs or models to work, it is essential that they not only identify the type of corruption or unethical behaviour they are targeting but also that they tackle the underlying, country-specific causes or 'drivers' of dysfunctional governance.² Traditionally, corruption has been seen primarily as a problem of weaknesses in legal and institu-

² Such as cited in Mills May, A: Causes of corruption in public sector institutions and its impact on development: turning what we know in what we do, p. 16 (available on: <http://unpan1.un.org/intradoc/groups/public/documents/un-dpadm/unpan049589.pdf>)

“ If you can't explain it simply, you don't understand it well enough. ”

(Albert Einstein)

tional arrangements, but today we know that - to avoid responses that only treat the symptoms of corruption - it is essential to take a strategic perspective that assesses underlying causes and the deeper political-economic dynamics that have influenced the evolution of corruption in a country.

Crucial, basic or universal steps in every corruption and/or integrity risk assessment process are: 1) to analyse how corruption, unethical behaviour and similar irregularities manifest or can manifest themselves in a particular environment, 2) to identify which factors drive it, and 3) to assess efficiency (or reasons for inefficiency) of existing laws, regulations and control mechanisms meant to reduce vulnerability to corruption, integrity shortcomings or similar wrongdoings. Only then 4) adequate measures and recommendations can be developed. There are various ways, models, tools or approaches that can be used to identify risks and raise awareness on anti-corruption and integrity issues in its public sector institutions. This paper presents some of them and draws attention to the prerequisites, possible precautions and possible traps when using them, with the aim of providing a rationale for choosing some approaches and rejecting others.

Before going into the merits, it has to be emphasized that it is hardly reasonable to expect that any approach to corruption risk assessment (CRA) in which good ideas are pulled 'out of the box' and expected to work in any (even entirely different) environment, will have positive long-term results. Whether they will work at all and how they might interact with each other are very complicated questions,³ and usually the result cannot be pre-

³ See Spector and Sparrow as cited in Mills May, A: Causes of corruption in public sector institutions and its impact on development: turning what we know in what we do, p. 14 (available on: <http://unpan1.un.org/intradoc/groups/public/documents/un-dpadm/unpan049589.pdf>)

dicted. This paper, therefore, does not offer any model, tool or approach that could be automatically copied into legal order of a particular country, but is rather trying to provide step-by-step assistance to choose, improve or upgrade a tailored corruption and/or integrity risk assessment approach that will address a wide range of issues and generate recommendations for action in line with the specificities and characteristics of the environment (institution, sector, process, project etc.) in question. The idea is, therefore, not to provide ready solutions, but to help governments find the most tailored solution / model for themselves and to develop the final methodology on their own. It is the author's strong belief that this is the only way to establish a successful and long-term system of corruption prevention measures. Accordingly, the main objective of the paper is to provide a theoretical and practical background on possible approaches, including the ones that are already in place in some cases in the region.

1.1. DEFINING CORRUPTION RISK ASSESSMENT (CRA)

1.1.1. CORRUPTION, CORRUPTION RISK AND CORRUPTION RISK ASSESSMENT

There are three elements in general notion of corruption risk assessment:

- ▶ corruption,
- ▶ (corruption) risk and
- ▶ (risk) assessment.

All of them are essential for a comprehensive picture of the term (and also the content of) corruption risk assessment and they are presented in more detail below in Chapter 2. But it is important to present some facts and notions already in the introduction.

First of all, it has to be emphasized here that the term 'corruption' in this paper goes beyond bribery and other forms of taking or giving undue advantage to public officials in connection to their work or position in public sector institutions. With the purpose of embracing a broad approach to corruption risk assessment, the term 'corruption,' where appropriate, includes breach of integrity,

other unethical behaviour and other practices that are, if used by a public official, usually considered as corrupt (e.g. conflict of interests, shirking, revolving door etc.).

Therefore, in addition to typical bribery risks that should in any case be addressed by corruption risk assessment, this paper also presents some other risks, such as a risk of abuse of power or public resources, a risk of illegal or unethical (internal or external) pressure on public official and a risk of conflict of interests. It is important to know that these risks can also facilitate corruption, if they are not recognized on time and treated adequately.

Subsequently, corruption risk assessment in this paper refers not only to bribery or 'hardcore' corruption risk assessment, but includes elements that are covered by less common term of 'integrity risk assessment.' Corruption risk assessment is therefore understood in this paper as a preventive tool for identification of corruption, integrity risk factors and risks in public sector (on institutional, procedural, sectoral or project level) with the purpose of developing and implementing measures for mitigation or elimination of those factors and risks. As such, corruption risk assessment is a management tool for improving governance of a specific public sector institution (organisation, department, agency etc.), sector, project or process.

This paper therefore addresses bribery risks (or corruption offence risks) as well as a wide array of risks and factors that influence integrity of public sector employees, institutions and processes. For the purpose of this paper, corruption risk assessment is tightly connected to integrity risk assessment (and sometimes these terms are used interchangeably), and understood as important corruption prevention measure.

1.1.2. SIMILAR BUT DIFFERENT TOOLS

As mentioned above, corruption risk assessment in this paper means 'merely' a management tool to improve governance within public sector. Similar, but - compared to corruption risk assessment - less tailored or different in extent, purpose, reach or content are, for example:

- ▶ national integrity system assessment (methodology implemented by the Transparency International⁴),

⁴ See details on: <http://www.transparency.org/whatwedo/nis/>.

- ▶ evaluation either of a whole or a part of the legal and institutional system (as done by a number of international and regional peer-review mechanisms such as UN,⁵ OECD⁶ and GRECO⁷),
- ▶ anti-corruption strategy and action plan for its implementation (this tool is of more general nature),
- ▶ anti-corruption assessment of laws (this tool is of more specific nature⁸),
- ▶ threat assessment report (such as the EU Serious and Organised Crime Threat Assessment-SOCTA⁹).

Other tools such as public corruption (perception and experience) surveys, business and enterprise corruption surveys, internal auditing mechanisms, political economy analysis, social accountability tools, compliance monitoring, budget monitoring, free access to information etc. can have some similarities with corruption risk assessment, but do not represent a type of management tool as CRA is understood in this paper.

1.1.3. CORRUPTION RISK ASSESSMENT IN PUBLIC VS. IN PRIVATE SECTOR

Risk assessment (including corruption risk assessment) has longer tradition in private than in public sector. Assessment of risk is fundamental for developing a strong compliance program which is essential for many companies (especially multinational ones) not only because of their internal relations and duties to stakeholders and clients, but also because pre-existing and proactive compliance programme enables the company, under some national laws (e.g. in USA), to avoid prosecution or to receive reduced penalty for corruption offence.

⁵ See details on: <https://www.unodc.org/unodc/en/treaties/CAC/IRG.html>.

⁶ See details on: <http://www.oecd.org/corruption/anti-bribery/anti-briberyconvention/countrymonitoringoftheoecdanti-briberyconvention.htm>.

⁷ See details on: http://www.coe.int/t/dghl/monitoring/greco/evaluations/index_en.asp.

⁸ For in-depth presentation of this tool see: RAI/RCC: Anti-Corruption Assessment of Laws ('Corruption Proofing') Comparative Study and Methodology [author Tilman Hoppe]. The study was prepared and developed in cooperation between Regional Cooperation Council (RCC) and Regional Anti Corruption Initiative (RAI) for the Southeast Europe 2020 Strategy and published by RCC in November 2014 (available on: http://www.rai-see.org/doc/Comparative_Study_Methodology_on_Anti-corruption_Assessment_of_Laws.pdf).

⁹ See details on: <https://www.europol.europa.eu/latest-publications/31>.

In public sector, there is a lack of 'stimulation' to implement effective corruption risk assessment. Nevertheless, CRA in public sector may have significant benefits such as:

- ▶ in terms of public interest, effective CRA mechanisms in public sector help (or at least should help) keep or raise trust that public authorities are carrying out their tasks in an independent and fair manner and to the best interest of the treasury, and
- ▶ from the viewpoint of high level public officials responsible for legal and lawful operation of public sector institutions and projects, effective CRA can help them 'put their own house in order' (and keep it in order), and even avoid responsibility or consequences (e.g. losing a position because of incompetence) in the event of corruption or serious integrity incident despite the measures that should have prevented it (unless such officials themselves are involved).

Many risk assessment methodologies and expertise are similar in private and public sector, especially in view of technical aspects. However, risk mitigation is often different due to different nature or way that risks occur. Cost benefit analysis is also different given the primacy of social responsibility and social cohesion in public sector whereas profitability and responsibility to shareholders in private sector is fundamental.

This paper is focused only on corruption risk assessment in public sector. However, as it will be seen in the next subchapter (state of research), there is quite a lot of literature available on different aspects of CRA in private sector (methodologies, advice, etc.). Some of it is *mutatis mutandis* useful for CRA in public sector as well. What differs is the fact that corruption risk assessment in private sector is also a business. Many consulting and accounting firms advertise and sell services related to CRA and compliance programmes to other private sector entities.

1.2. STATE OF RESEARCH

Google displays more than 19.000 matches on 'corruption risk assessment', so this is rather popular and frequently handled and discussed matter. More hits are relevant for corruption risk assessment in private sector (as said, CRA is also advertised as a service), but there are also many links to the documents and websites with relevant topic for corruption risk assessment in public sector. Besides, there are (inter)national standards and methodologies of corruption risk assessment available worldwide.

Here is a non-exhaustive list of available relevant literature and sources on corruption risk assessment that includes methodological aspects and shows the current state of research in this area:

- ▶ CRA in general:
 - ✦ Transparency International: Corruption Risk Assessment, Topic Guide.¹⁰
- ▶ CRA in public sector:
 - ✦ USAID Tools for Assessing Corruption & Integrity in Institutions: a Handbook,¹¹
 - ✦ Council of Europe: Project against Corruption in Albania (PACA), Technical Paper, Corruption Risk Assessment Methodology Guide,¹²
 - ✦ NSW Government: Risk Management Toolkit for the NSW Public Sector (Volume 1, 2 and Executive Guide),¹³
 - ✦ Independent Commission Against Corruption, New South Wales, Australia: Corruption Risk Management and related contents,¹⁴
 - ✦ Blais, D.; Schenkelaars, F.: Institutional Risk Assessment - Best Practices Compendium (Anti-corruption - Integrity Auditing).¹⁵
- ▶ CRA in private sector:
 - ✦ United Nations Global Compact: A guide for anti-corruption risk assessment,¹⁶
 - ✦ OECD, UNODC and World Bank: Anti-Corruption Ethics and Compliance Handbook for Business,¹⁷
 - ✦ UNDOC: Anti-corruption Ethics and Compliance Programme for Business: a Practical Guide,¹⁸
 - ✦ UNDP: Fighting corruption in water sector,¹⁹
 - ✦ Transparency International: Global corruption report,²⁰

- ✦ Controlrisks: Assessing Corruption Risks,²¹
- ✦ PwC - A Practical Guide to Risk Assessment.²²
- ▶ CRA in specific sectors:
 - ✦ U4: Using Corruption Risk Assessments for REDD+: An introduction for practitioners,²³
 - ✦ UN-REED Programme: Guidance for conducting REED + Corruption Risk Assessment,²⁴
 - ✦ USAID Anti-Corruption Assessment Handbook,²⁵
 - ✦ Global Facility for Disaster Reduction and Recovery: Mitigating the Risk of Corruption in Post-Disaster Reconstruction,²⁶
 - ✦ UNDP: Fighting Corruption in the Health Sector: Methods, Tools and Good Practices,²⁷
 - ✦ Transparency International and U4: Mapping the Risks of Corruption in Humanitarian Actions,²⁸
 - ✦ Campos, J.; Pradhan, S.: The Many Faces of corruption: Tracking Vulnerabilities at the Sector Level.²⁹

It is not the aim of this paper to analyse or compare the existing literature and sources on corruption risk assessment, although it is, of course, guided by the findings, models, methodologies, precautions etc. from other authors (individual and institutional).

1.3. POTENTIAL AND LIMITS OF THE PAPER

Risk management is an accepted part of good governance and most public sector institutions in SEE

10 http://gateway.transparency.org/files/uploads/Corruption_Risk_Assessment_Topic_Guide.pdf.

11 http://pdf.usaid.gov/pdf_docs/PNADF529.pdf.

12 http://www.coe.int/t/dghl/cooperation/economiccrime/corruption/projects/Albania/Technical%20Papers/PACA_TP%20202011-Risk%20Assessment%20Methodology.pdf.

13 http://www.treasury.nsw.gov.au/Publications/treasury_policy_papers/2012-TPP/tpp_12-03/tpp_12-03_risk_management_toolkit.

14 <http://www.icac.nsw.gov.au/preventing-corruption/corruption-risk-management>.

15 <http://unpan1.un.org/intradoc/groups/public/documents/unpan/unpan039112.pdf>.

16 <https://www.unglobalcompact.org/resources/411>.

17 <http://www.oecd.org/corruption/Anti-CorruptionEthicsComplianceHandbook.pdf>.

18 http://www.unodc.org/documents/corruption/Publications/2013/13-84498_Ebook.pdf.

19 <http://www.undp.org.tt/news/UNODC/Anticorruption%20Methods%20and%20Tools%20in%20Water%20Lo%20Res.pdf>.

20 http://www.transparency.org/gcr_education.

21 http://www.controlrisks.com/~media/Public%20Site/Files/Our%20Thinking/risk_assessment_published.pdf.

22 http://www.pwc.com/en_us/us/issues/enterprise-risk-management/assets/risk_assessment_guide.pdf.

23 <http://www.u4.no/publications/using-corruption-risk-assessments-for-redd-an-introduction-for-practitioners/>.

24 http://www.unredd.net/~unredd/index.php?option=com_docman&task=doc_download&gid=8322&Itemid=53.

25 http://pdf.usaid.gov/pdf_docs/pnadp270.pdf.

26 http://www.gfdr.org/sites/gfdr.org/files/Chapter_19_Mitigating_the_Risk_of%20Corruption.pdf.

27 http://www.undp.org/content/undp/en/home/librarypage/democratic-governance/anti-corruption/fighting_corruption_in_the_health_sector/.

28 <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/874.pdf>.

29 Available on: <http://www.u4.no/recommended-reading/the-many-faces-of-corruption-tracking-vulnerabilities-at-the-sector-level/>.

have already undertaken some degree of risk assessment and management (it is often, however, employed on ad hoc basis). Therefore, different corruption risk assessment approaches represent only a methodological and systemic approach to it. Given that no study and methodology of corruption risk assessment has yet been targeted, especially on corruption risk assessment in public sector in SEE, this paper is trying to fill the gap and to offer a tailored analysis and possible solutions for this region.

This paper strives to be useful both for policy makers to decide on the type/approach/model/tool of corruption and/or integrity risk assessment which should be optimal for the sector, project or process, and for experts to implement the adopted decision in practice. Even though the paper is intended to assist a variety of users, it is not meant to be a primer in all matters regarding integrity and corruption risk assessment, but rather to give users enough information to carry out their tasks and help them raise the right questions and find the best possible answers.

However, the paper is premised on some facts and limitations that are essential for correct understanding of its nature and the scope.

The underlying facts that are basically explaining why there cannot be a 'one size fits all' approach to corruption risk assessment in SEE are the following:³⁰

- ▶ corruption has many different faces as well (corruption may manifest itself in similar ways across the region and over time - bribery, extortion, embezzlement, influence peddling, nepotism, and so on - but the causes can be different and the areas that corruption attacks can vary across geographic region and over time),
- ▶ Public institutions in the SEE do not possess the same proclivity toward the same types of corruption (based on different patterns of development and political-economic dynamics, different corruption tendencies and vulnerabilities are being manifested),
- ▶ Differences in levels of integrity and anti-corruption readiness (not only the political will and commitment of governmental and non-governmental leaders to deal effectively with the problem of corruption and integrity issues but also the capacity to act effectively determines different levels of anti-corruption readiness in the SEE region).

Essential limitations of the paper are the following:

- ▶ the paper is limited primarily to the anti-corruption and integrity issues in public sector institutions, and it does not specifically address these issues in private sector and in the sphere of public-private partnership,
- ▶ the presentation of existing models and practices and their assessment is based on publicly available sources in English, Serbian, Croatian and Slovenian, on the data acquired at the Regional Workshop held in Becici (Montenegro) in September 2014 and the Regional Workshop held in Tirana (Albania) in November 2014 as well as on additional information provided by Albania, Croatia, Kosovo* and The Former Yugoslav Republic of Macedonia for the specific needs of this paper.

³⁰ Compare USAID Anti-Corruption Assessment Handbook, p. 2 (available on: http://pdf.usaid.gov/pdf_docs/pnadp270.pdf).

2. DEFINING CORRUPTION RISK ASSESSMENT

2.1. CORRUPTION

The results of systematic collection and analysis of data relevant to the incidence and prevalence of corruption tell us that corruption is not exclusively a problem for any particular part of the world or administrative system. However, we also know that it exists in many forms and patterns and that some types of corruption occur more in some locations than others.³¹ There is no universal/global/comprehensive definition of the term ‘corruption’ for at least the following reasons:

- ▶ corruption is very old, but a ubiquitous phenomenon arising from the eternal struggle for power; therefore, it has many different forms that are hard (or even impossible) to bring down to a common denominator,
- ▶ corruption is a multidisciplinary phenomenon and problem (it has different historical, psychological, economic, legal, political, sociological and other aspects),
- ▶ behaviour that is considered to be corrupt in one country may be legal, or at least socially acceptable, in another country.

2.1.1 FORMS OF CORRUPTION

Although no common definition³² has yet been developed to describe corruption as such, everyone seems at least to agree that certain political, social or business practices are corrupt. The wide range of activities that are, as a rule, considered as corrupt, includes:³³

- ▶ *bribery* (informal payments or gifts demanded by, or offered to or promised to public officials

³¹ Mills May, A: Causes of corruption in public sector institutions and its impact on development: turning what we know in what we do, p. 5 (available on: <http://unpan1.un.org/intradoc/groups/public/documents/un-dpadm/unpan049589.pdf>).

³² For the theory on corruption types, see Vargas-Hernández, J. G.: The multiple faces of corruption: typology, forms and levels, published in: Contemporary Legal and Economic Issues III (Josip Juraj Strossmayer University of Osijek Faculty of Law Osijek), p. 269 - 290 (available on http://clei.pravos.hr/media/CLEI_III.pdf#page=269).

³³ For first seven items see USAID Tools for Assessing Corruption & Integrity in Institutions: a Handbook, p. 6-7 (available on: http://pdf.usaid.gov/pdf_docs/PNADF529.pdf).

“ Nearly all men can stand adversity, but if you want to test a man’s character, give him power. ”

(Abraham Lincoln)

either for work or services they are supposed to provide, or for breach of their duty. Bribery is the core concept of corruption and other forms frequently overlap with it. In many languages, corruption is synonymous with bribery);

- ▶ *extortion* (the threat of the use of force or other forms of intimidation to extract payments. The distinction between extortion and demanding bribes is not always clear, especially when the threat is implicit);
- ▶ *misappropriation* (the theft or private use of public funds or equipment);
- ▶ *self-dealing* (it includes the practice of hiring public official’s own company or a company belonging to his or her close relatives or friends to provide public services);
- ▶ *patronage* (offering government jobs to public official’s friends and relatives, even when they are not the most qualified, or accepting bribes in exchange for government job);
- ▶ *shirking* (shirking is a practice where public officials routinely come late to work, leave early, are routinely absent from work, or perhaps never come to work at all. Sometimes such officials purchased their jobs and never intended to actually work (and those who hired them were aware of this). Or else, they may have other jobs, so that the government job is simply an income supplement or social security financed from the treasury);
- ▶ *political corruption & campaign finance improprieties* (certain interactions between the business entities and politicians are categorized as corrupt, such as exchanges of campaign financ-

ing for political favours like procurement or privatization deals. Offering government jobs in exchange for political support is a questionable practice, but there is some debate as to whether it is a form of corruption);

- ▶ *conflict of interest* (circumstances in which private interest of an official influences or appears to influence the impartial and objective performance of their public duties, i.e. the situation where an individual is confronted with choosing between the duties and demands of their position and their own private interests);
- ▶ *trading in influence* (selling one's influence over the decision making process to benefit a third party);
- ▶ *kickbacks* (the supplier provides the bribe by kicking part of the contract fee (either directly or through an intermediary) back to the public official responsible for decisions to award the contract in question. Kickbacks are usually totalling 5-20% of the contract);
- ▶ *sponsorship or donations* (sponsorship or donations to social programs are, as a rule, legitimate activities, but can be (ab)used as a subterfuge for bribery, especially when trustees and board members of charities are politicians or high ranking public officials);
- ▶ *gifts, valuables, travel expenses, entertainment, etc.* (offering and receiving hospitality, including casual gifts, is a widespread business practice. In some cases it is also common in other areas, such as education or health sector. However, when it becomes excessive or lavish, or offered at the wrong time (e.g. during tendering), hospitality can cross the line from an acceptable practice into an illegal bribe);
- ▶ *bid rigging* (the way that competitors agree in advance who will submit the winning bid on a contract let through the competitive bidding process (and effectively raise price), or different forms of collusion between a contractor and public official(s) responsible for the procurement, such as: abuse of change order (a contractor submits a very low bid to win a contract, knowing that promptly thereafter the officials will approve a change order to increase the price allowing the contractor to recover its profit and fund bribes); excluding qualified bidders (e.g. by adopting unreasonable prequalification procedures), leaking of bid information to help a favoured bidder gain an advantage, manipulation of bids (tampering with bids after receipt to ensure that a favoured contractor is selected), or split purchase (public officials can split what should be a single contract or purchase into two or more components, each below the relevant procurement threshold, to facilitate sole source or less competitive contract awards).

- ▶ *revolving door* (a term linked with the movement of high-level public officials from public sector to private sector (and vice versa). Ethical, integrity or corruption issues may arise in the following cases: using influence and contacts, using insider information, representing former interests after taking office and seeking future employment while in office³⁴);
- ▶ *favours* (an exchange of favours is the form of corruption that is very hard both to combat and to detect. Favours are often secured with reciprocal favours and may come in many forms, including jobs, residence permits, or the provision of education and healthcare. Typical forms of this type of corruption are cronyism and nepotism. These phenomena can overlap with conflict of interests, gifts or even bribery; however, it depends on the definitions (legal or ad hoc) or circumstances of concrete case).

The qualification of some practices as 'corrupt' and their eventual moral reprobation by public opinion vary from country to country and do not necessarily imply that they are criminal offences under national criminal law.³⁵ The term 'corruption' can therefore include only criminal offences of corruption or it can also refer to the types of corrupt behaviour that do not constitute a criminal offence. The fact is that one can understand how to prevent and fight corruption only by being able to define what the corruption is. Consequently, there exist many (working or ad hoc) definitions of corruption or its types, usually adapted to the concrete act, project, research, etc. ***In the process of corruption risk assessment (of any kind), it is advisable to limit the scope and extent of the assessment by defining what is meant by "corruption" at an early phase of the assessment procedure.*** As already emphasized in the introduction, corruption risk assessment ***should relate to a wide array of corrupt behaviour and preferably include integrity breaches and unethical behaviour as well.***

2.1.2. RELATIONSHIP BETWEEN CORRUPTION AND INTEGRITY

As mentioned in the introductory remarks, this paper is focused not only on 'core' corruption, but also on integrity. Therefore, the relationship between the two has to be explained.

³⁴ See <http://transparency.ge/en/node/2744>.

³⁵ See Council of Europe: Criminal Law Convention on Corruption, Explanatory Report, item 3 (available on: <http://conventions.coe.int/Treaty/en/Reports/Html/173.htm>)

The concept of integrity itself is yet not clear and is still contested. Scholars have identified many different perspectives, ranging from integrity as wholeness to integrity as exemplary moral behaviour or integrity as the quality of acting in accordance with laws and codes. One of the comprehensive definitions (developed by Six and Huberts) explains integrity as ‘the quality of acting in accordance with generally accepted moral values and norms to further the public interest.’³⁶

Some believe that integrity - being also defined, for example, as using power for officially authorized and publicly justified purposes - is the opposite of corruption (i.e. the opposite side of the same coin).³⁷ However, a closer look shows it is more precise to say that every corruption is a breach of integrity, but not every breach of integrity is corruption. Practical relationship between corruption and integrity depends on the definition of corruption adopted or developed in the legislation of a country or for a particular project. It is also based on social, economical, political and similar circumstances in the country. Most of the above mentioned forms of corruption (save bribery, extortion, embezzlement, kickbacks and bid rigging that, in any case, constitute or should constitute a criminal offence) can be either integrity or corruption-related issue.

Unlike corruption that usually refers to the conduct and has negative connotation, integrity applies to individual public officials and institutions, with positive connotation.³⁸ Integrity system is an important corruption prevention measure that is primarily aimed at disrupting the corruption system in a certain country. Such system (often in the form of National Integrity System - NIS) is composed of the set of institutions, processes, people and attitudes working to increase the likelihood that public power is used for officially authorized and publicly justified purposes and not abused for personal or political gain. Corruption and/or integrity risk assessment is therefore one of the inevitable parts of (national, local, institution’s etc.) integrity system.

Integrity systems are considered to be effective when integrity risks are under control, in other words, when public officials act with integrity

³⁶ Six, F., Lawton, A.: Towards a theory of integrity systems; a configurational approach. *International Review of Administrative Sciences* 79(4)/2013, p. 641.

³⁷ See Sampford, C.: Understanding the Relationship between Integrity, Corruption, Transparency and Accountability (available on <http://www.adbi.org/files/2009.03.10.cpp.day2.sampford.integrity.corruption.transparency.accountability.pdf>).

³⁸ Ibidem.

and avoid integrity violations. Within an integrity system, individual public sector institutions have primary responsibility for managing the integrity of their officials, but other actors may be also involved as a type of guardians of integrity in an integrity system (this role is especially entrusted to anti-corruption agencies, auditing authorities, ombudsman, internal control services, police and justice, media and NGO’s).

Six and Lawton are proposing a theoretical and conceptual model for effective integrity systems that is based on six relevant conditions as follows:³⁹

Conditions regarding corruption reform

1. Absence of corrupt institutional logic in the wider society, i.e. absence of societal values that actively support corruption.
2. Trigger for corruption reform, such as an ethical crisis or external pressure that leads to the formulation and implementation of new policies. This trigger may have occurred sometime in the past.

Conditions regarding external guardians

3. Independent oversight agencies that collectively have the power and resources (mandate, capability and capacity) to investigate, adjudicate and sanction all integrity violations that are covered by the integrity system.
4. Independent and free media and civic action groups that have access to public information and can publish integrity violations.

Conditions internal to government agencies

The ethical policies and practices within government agencies strengthen the internalization of values that support integrity. Each integrity risk considered important is sufficiently contained. This can be observed in:

5. Strong values-based policies and practices, including political will and ethical leadership.
6. Compliance-based policies and practices that do not weaken ethical value internalization, including internal oversight and control.

These conditions take a dynamic perspective of the systems components and do not only look at the integrity system at the moment of measurement, but also take account of the quality of policies and practices and operational qualities of institutions. Public integrity assessment tools are often mingled (or intertwined) with the corruption risk assessment tools.⁴⁰ They all aim at assessing the

³⁹ See the detailed explanation of every condition in Six, F., Lawton, A.: Towards a theory of integrity systems; a configurational approach. *International Review of Administrative Sciences* 79(4)/2013, p. 644 - 651.

⁴⁰ See also above the subchapter 1.1.2. on CRA similar but different tools.

institutional framework for promoting integrity and combating corruption across the public sector and/or at identifying corruption or corruption risks within specific public sector institutions and/or among public officials. Integrity assessments, as a rule, focus primarily on assessing the integrity of the institution as a whole rather than of individuals, including those where public officials are surveyed (e.g. public officials are asked to assess the clarity of ethical guidelines and procedures, or their personal experiences with integrity building measures of the agency, etc).⁴¹

2.2. CORRUPTION RISK

2.2.1. RISK AND RISK FACTOR

For comprehensive understanding of the term and types of corruption risks, the notion of ‘risk’ and ‘risk factor’ should be mentioned.

The latest ISO (International Organisation for Standardisation) 31000:2009 standard defines risk as ‘*the effect of uncertainty on objectives*’ (previous definition was slightly different and encompassed ‘*the chance of something happening that will have an impact on objectives*’).

In this paper, risk factor means *any attribute, characteristic or exposure of an individual, institution or process that increases the likelihood of corrupt behaviour, breach of integrity, unethical behaviour or other conduct that can have negative effects on objectives and goals of a public sector institution (its mandate, duties or processes)*.

Risks and risk factors are two sides of the same coin and cannot be clearly distinguished because **every risk is the consequence of or stems from one or more risk factors** which can be very different in nature and content. In literature, corruption risks and corruption risk factors are often mingled.

2.2.2. CORRUPTION RISK FACTORS

Corruption risk factors are circumstances (on various levels) that can encourage, cause or allow corrupt or unethical conduct. Two important general corruption risk factors can be seen, for example, in Klitgaard’s corruption formula where $C = M + D - A - T$

⁴¹ See more on U4: Overview of integrity assessment tools, p. 3 (available on: <http://www.u4.no/publications/overview-of-integrity-assessment-tools/downloadasset/2888>).

(*Corruption equals Monopoly plus Discretion minus Accountability minus Transparency*).⁴² Although the formula is the subject of some opposition,⁴³ it is rather indisputable that monopoly and discretion should be limited in public sector processes whereas accountability and transparency should be broad. If monopoly and discretion are partly or entirely unavoidable (and therefore a legitimate way of operating), special attention should be given to the rules and regulations designed to prevent their abuse.

More systematically, corruption risk factors can be monitored from different viewpoints. One is the way they contribute to wrongdoing (two main factors have to be distinguished here: 1) factors which enable (or even optimise) the occurrence of corruption and 2) factors which aid in the perpetuation of corruption⁴⁴). The other is the level at which they can occur. Comprehensively, the following four types of risk factors are relevant:⁴⁵

⁴² See Klitgaard, R.: International Cooperation against Corruption, Finance & Development (March 1998), p. 4 (available on: <http://www.imf.org/external/pubs/ft/fandd/1998/03/pdf/klitgaar.pdf>).

⁴³ See Stephenson, M.: Klitgaard’s Misleading “Corruption Formula,” posted on Global Anti-Corruption Blog on 27. May 2014 (available on: <http://globalanticorruptionblog.com/2014/05/27/klitgaards-misleading-corruption-formula/>), and interesting discussion that followed this post.

⁴⁴ See for details Mills May, A: Causes of corruption in public sector institutions and its impact on development: turning what we know in what we do, p. 8 (available on: <http://unpan1.un.org/intradoc/groups/public/documents/un-dpadm/unpan049589.pdf>).

⁴⁵ See similar in Mills May, A: Causes of corruption in public sector institutions and its impact on development: turning what we know in what we do, p. 10 (available on: <http://unpan1.un.org/intradoc/groups/public/documents/un-dpadm/unpan049589.pdf>).

Type of risk factor	Examples of risk factors
<p><i>external and systemic risk factors</i> (factors outside of the control of the institution or sector, of which they should or could be aware)</p>	<ul style="list-style-type: none"> ▶ unclear or inconsistent legislation regulating certain sector, field of work of the public sector institution, specific project etc., including unclear wording of relevant legal texts,⁴⁶ ▶ absence of basic legal framework needed to fight corruption and strengthen integrity (such as the effective criminal and civil codes, conflict of interest laws, meritocratic hiring rules, free access to public information laws, asset disclosure rules, codes of conduct, lobbying regulation and whistleblower protection), including absence of penalties for violations of anti-corruption laws and regulations, ▶ unclear competences of the authorities, ▶ unadjusted or disharmonized work of public sector institutions, ▶ inefficient law enforcement and prosecution, ▶ inefficient or incompetent oversight institutions or supervisory authorities, ▶ non-transparent public finance processes, ▶ poor or wrong understanding of proper public sector functioning by certain individuals or the community.

⁴⁶ For in-depth analysis of this topic, see: RAI/RCC: Anti-Corruption Assessment of Laws ('Corruption Proofing') Comparative Study and Methodology [author Tilman Hoppe]. The study was prepared and developed in cooperation between Regional Cooperation Council (RCC) and Regional Anti Corruption Initiative (RAI) for the Southeast Europe 2020 Strategy and published by RCC in November 2014 (available on: http://www.rai-see.org/doc/Comparative_Study-Methodology_on_Anti-corruption_Assessment_of_Laws.pdf).



<p>internal (organisational, institutional) risk factors <i>(factors within the control of the institution or sector that are the result of their actions or inactions, such as the rules and policies for good governance, management, decision-making, operational guidance and other internal regulations enabling the organisation to fulfil its objectives, mission and tasks)</i></p>	<ul style="list-style-type: none"> ▶ poor strategic and operational guidelines (policy) or inadequate policies, procedures or systems, ▶ chronic failure to follow existing policies, procedures or systems, ▶ unclear mandate of an institution, project, etc., ▶ poor or inconsistent internal acts and regulations, ▶ absence of warning and alert systems in case of different types of irregularities, ▶ weak managerial and administrative measures, including failures of management (middle managers or senior management either don't sufficiently understand the work to recognise that corrupt activity is happening or they facilitate the corruption by tolerating low level of non-compliance with all kinds of institutional rules), ▶ inadequate/weak work review, supervision, oversight or control procedures and audit mechanisms, ▶ absence of rules and procedures that promote ethical behaviour and transparency, poor organisational culture (this includes unclear messages about what is acceptable, examples set by management, inappropriate attitude to colleagues or subordinates, lack of reinforcement of ethical behaviour, bad office habits and other uncultured workplace practices), ▶ inadequate or insufficient system of training and education of public officials, including superiors and supervisors, ▶ inadequate human, finance, time etc. resources of an institution, project team, etc., ▶ public officials have high level of power or influence, not consistent with their actual position,
<p>individual risk factors <i>(factors that could motivate individual public official to commit corrupt or unethical conduct)</i></p>	<ul style="list-style-type: none"> ▶ lack of knowledge (ignorance), ▶ lack of integrity (immorality), ▶ lack of practical skills (inexperience), ▶ pressures in the work environment, ▶ inadequate supervision or work review over concrete public official or task, ▶ inappropriate relationships with clients, ▶ omission of conflicts of interest declaration, ▶ feelings of dissatisfaction or perceptions of unfairness at work,
<p>working process risk factors <i>(factors that arise from working procedures and processes in an institution)</i></p>	<ul style="list-style-type: none"> ▶ public officials have high level of personal discretion and autonomy in decision making, ▶ non-transparent or unrecorded decision making, ▶ poor organisation of work processes, ▶ unconnected work processes and procedural gaps, resulting in no sense of responsibility or ignorance of competences), ▶ lack of vertical or horizontal controls in the work processes.

Here are some hypothetical practical examples of corrupt behaviour that can be driven by certain type of risk factors:

Examples of corrupt behaviour	Examples of risk factor(s) that can drive it
<p>Bribery:</p> <ul style="list-style-type: none"> ◆ multinational company pays a bribe to acquire licence for the operation in a certain territory or in a certain sector; ◆ an employee of local government agency demands a bribe for technical approval of equipment ◆ a company pays a bribe to win the public contract to build a local highway ◆ building inspector takes a bribe to certify faulty structure 	<ul style="list-style-type: none"> ▶ <i>external or systemic:</i> <ul style="list-style-type: none"> ◆ low level of general prevention due to ineffective criminal law and / or law enforcement and criminal justice system (no fear of prosecution and punishment), ◆ non-transparent or too complicated legal procedures for acquiring licences / technical approvals / public procurements, ◆ high level of tolerance for corruption in a given country or/and sector, ◆ no monitoring of assets and income of public officials in charge of given procedures (i.e. procedures for acquiring licences / technical approvals / public procurements), ▶ <i>internal/organisational:</i> <ul style="list-style-type: none"> ◆ weak managerial and administrative measures and weak control mechanisms, ◆ lack of control/supervision/oversight over processes within a given public authority (licensing authority, local government, procuring authority), ◆ absence of warning and alert systems for involvement in bribery, ◆ poor institutional culture in a given public authority, ◆ too high level of discretion in a given procedure (licensing, issuing approval or public procurement) ▶ <i>individual:</i> <ul style="list-style-type: none"> ◆ lack of integrity, ◆ possible pressure or distress of public official.

<p><i>Cronyism or nepotism in recruitment procedures:</i></p> <ul style="list-style-type: none"> ◆ manager of public sector institution recruits an ill-suited friend / relative for a high level position 	<ul style="list-style-type: none"> ▶ <i>external or systemic:</i> <ul style="list-style-type: none"> ✦ absence of basic legal framework needed to fight unethical behaviour, including penalties for such activity, ✦ high level of tolerance for such activity in a country or part of public sector, ▶ <i>internal/organisational:</i> <ul style="list-style-type: none"> ✦ there are no clear employment criteria set up in advance, ✦ inconsistent internal acts and regulation that enable non-transparent recruitment procedure, including un-recorded decision making, ✦ too high level of discretion in recruitment procedure, ✦ absence of warning and alert systems for such activity, ✦ absence of internal rules and procedures that promote ethical behaviour and transparency, ▶ <i>individual:</i> <ul style="list-style-type: none"> ✦ lack of integrity, ✦ poor understanding of managerial function and responsibilities.
<p><i>Conflict of interest:</i></p> <ul style="list-style-type: none"> ◆ a public official who co-decides in public procurement does not reveal that one of the bidders is company owned by his/her spouse, and favours this company ◆ a member of public school management board gives consent to appoint his/her relative headmaster/headmistress 	<ul style="list-style-type: none"> ▶ <i>external or systemic:</i> <ul style="list-style-type: none"> ✦ absence of basic legal framework to avoid conflict of interests, including penalties for acting in conflict of interests, ✦ high level of tolerance to such activity in country of part of public sector, ▶ <i>internal/organisational:</i> <ul style="list-style-type: none"> ✦ weak managerial and administrative measures and weak control mechanisms, ✦ no exact internal rules and regulation on due avoidance of conflict of interests, ✦ absence of warning and alert systems for acting in conflict of interests, ✦ poor organisational culture in the public authority or school, including absence of rules and procedures that promote ethical behaviour and transparency in the procurement, appointment and similar processes ▶ <i>individual:</i> <ul style="list-style-type: none"> ✦ lack of integrity, ✦ lack of knowledge, ✦ poor understanding of public procurement or appointment procedures and official's responsibilities in those procedures.

The presented examples of risk factors are of a **general nature**. In particular corruption risk assessment procedure, more concrete factors that arise from specific institutional environment, working process, internal relations etc. have to be identified (it has to be established, for example, which laws are incomplete and why, why exactly the work review is inadequate, what precisely is

poor in organisation of concrete work process, which knowledge are public officials lacking, etc.). The exact risk factors in question are therefore exclusively dependent on the circumstances of the concrete case (*questio facti*).

2.2.3. CORRUPTION RISKS

For the most part, corruption risks are no different from the risks that would be routinely identified through a comprehensive functional or operational risk assessment, such as financial, health, safety risks etc. However, corruption risks are usually ranked among more serious risks. In case of “core” corruption (i.e. bribery), there may be a difference arising from the fact that bribery is intentional, not coincidental or accidental. As regards a broader concept of corrupt behaviour, including unethical behaviour and breach of integrity, risks - as in many other areas - become a reality, not only because of a criminal / corrupt intent, but also (and often) because of a lack of professional capacity (lack of training, education, proper guidelines and monitoring) or even pure negligence.

Corruption and/or integrity risks can exist in relation to almost all activities and functions in public sector. In addition, some business relationships, such as public-private partnerships, can also bring further corruption risks to a public sector institution (for example, risk of conflict of interests). In that case, public sector organisations must manage not only their own original risks, but also the risks associated with partnerships.⁴⁷ There are various conceptualisations of corruption risk, for example:⁴⁸

- ▶ corruption risk is equated with the set of institutional vulnerabilities within a system or process which might favour or facilitate corrupt practices;
- ▶ measures of institutional vulnerability are combined with data on perceptions and/or experience of corruption as a proxy for corruption risk;
- ▶ risk is expressed as a factor of the likelihood of corruption multiplied by the impact of corruption;
- ▶ objective risks (weak institutions and regulations) are differentiated from subjective risks (tolerance to corruption, personal motivation, weighing up of costs/benefits, past experiences);
- ▶ corruption risk is understood as a factor of the level of transparency and level of fairness in a process;
- ▶ corruption risk is understood as the difference between actual and ideal systems.

⁴⁷ See <http://www.icac.nsw.gov.au/preventing-corruption/corruption-risk-management/risk-management-approach/4877>.

⁴⁸ McDevitt, A.: Corruption Risk Assessment Topic Guide (2011), p. 1 - 2 (available on: http://gateway.transparency.org/files/uploads/Corruption_Risk_Assessment_Topic_Guide.pdf).

For the purpose of this paper, corruption and/or integrity risks are perceived as ‘the risks to the objectives, mission and tasks of a public sector institution arising from external, internal, individual or working process factors’. Often, more combined corruption risk factors fuel certain corruption or integrity risk.

The most serious (and common) corruption and integrity risks that can occur in every public sector institution, process, sector or project, include:

- ▶ risk of public official taking or demanding a bribe,
- ▶ risk of abuse of power or position for private interests,
- ▶ risk of abuse of public funds for private interests,
- ▶ risk of illegal or unethical external influence or pressure on public official,
- ▶ risk of illegal or unethical internal influence or pressure on public official, and
- ▶ risk of conflict of interests.

Typical corruption and integrity risks and risk factors in public sector are presented in more detail below under the methodology.⁴⁹ However, at the very beginning, it has to be emphasized that:

- ▶ there is **no final or exhaustive list of corruption and integrity risks and the risk factors** that facilitate them;
- ▶ on a general level (including papers such as this one), **only general content and predictable corruption and integrity risks and risk factors can be described or identified** based on the known general types of corruption. The precise forms, mechanisms or *modus operandi* of corruption vary among the public sector institutions, projects, sectors or working processes. Hence, concrete corruption risks and risk factors can be established only within concrete CRA procedure, taking into account specific circumstances and characteristics of the institution, sector, project or process under assessment. The same holds true for the measures aimed at suppressing corruption, integrity breaches or unethical behaviour that could arise from identified risks and risk factors. To be efficient, these measures should be tailored to specific circumstances of the case as well.

⁴⁹ See subchapters 6.3. and 6.4.

2.3. UNDERSTANDING CORRUPTION RISK ASSESSMENT

As explained above, the corruption risk assessment in this paper is understood *as a preventive tool for identification of corruption and integrity risk factors and the risks in public sector, i.e. a management tool for improving governance of a specific public sector institution (organisation, department, agency etc.), sector, project or process*. Corruption risk assessment is, therefore, essential for identifying and managing corruption risks, which is critical for the long-term successful operation of different parts of public sector (as such, corruption risk assessment is basically a technical process and requires a certain level of sophistication and expert knowledge). If not managed, the corruption risks will sooner or later expose an institution, project or process to the possibility of a public official engaging in corrupt or unethical behaviour. If a corruption or an integrity breach does occur, the short and long-term consequences for particular public sector institution, organisation, department, agency, sector, project, etc. include loss of reputation, loss of public confidence, direct financial loss, wasted resources, cost of criminal justice or audit system to respond to corruption, adverse effects on other staff and negative impact on the morale of the institution. Having that in mind, corruption risk assessment is a tool of proactive corruption prevention with significant benefits:

- ▶ it keeps the corruption prevention, integrity and good governance issues on the agenda and takes a step forward from a pure legalistic approach;
- ▶ it enables identification of common risks (for example, through centralized risks register) across a given area or sector that requires legislative or broader institutional / national action or reform;
- ▶ it enables sharing of knowledge and good practice on risk identification and, in particular, on risk mitigation measures within a particular sector or across sectors, institutions, project or process;
- ▶ it enables effective exchange of good practices and/or establishment of a centralized corruption risk register (and possibly a centralized register of anti-corruption measures) that serves as a source of inspiration, ideas and peer-support for reform and good governance in public sector.

If implemented properly, corruption risk assessment can become an important and effective integral part of the corruption-prevention policy; however, it cannot by itself substitute good governance, good management, good regulation, good internal process, etc. Yet, one of the key benefits of corruption risk assessment is that it can give a better understanding of the corruption and integrity situation in a given context. Moreover, corruption risk assessments can serve to visualise the relationships between different risks and actors and to identify specific areas where limited resources can be most effectively channelled.⁵⁰ To achieve these goals, any approach to corruption risk assessment should focus on assessing real life processes and procedures in the institution, sector or project (this also facilitates identification of the gaps between laws and practice, identification and evaluation of exceptions, etc.).

In addition to being a tool of proactive corruption risk management, corruption risk assessment:

- ▶ strengthens the coherence, quality of governance and management in a given public sector institution, organisation, department, agency, sector, project or process;
- ▶ enables evaluation of workflow and processes and identification of weak spots for further institutional, management and legal reform;
- ▶ serves as a symbolic tool to strengthen devotion to integrity, ethical and governance standards in the public sector as a whole or in a specific public sector institution, and
- ▶ as a tool to improve the institutional and legal environment in a given public sector institution, project or process with the aim of improving work processes, governance, management and performance in accordance with its objectives and mission.

⁵⁰ McDevitt, A.: Corruption Risk Assessment Topic Guide (2011), p. 3 (available on: http://gateway.transparency.org/files/uploads/Corruption_Risk_Assessment_Topic_Guide.pdf).

3. GOOD PRACTICES AT INTERNATIONAL LEVEL: STANDARDS AND METHODOLOGIES OF (CORRUPTION) RISK ASSESSMENT

There are several international standards or mechanisms (or standards/mechanisms of a global nature) that are dealing with the corruption risk assessment methodology or process. They are very different in content and extent. Those of them that develop a certain methodology or guidance for corruption risk assessment mostly include the same or very similar basic or 'universal' steps that should be taken in this process:

- ▶ first, one has to **establish the context**,
- ▶ then **identify the risks**(what can happen, when, where, how and why),
- ▶ then **analyse these risks** (i.e. determine the level of risk),
- ▶ **evaluate the** risk and
- ▶ finally, **treat** them in an adequate way.

However, *none of these standards attempt to implement a 'one size fits all' approach*. Nowadays, the knowledge about corruption risk factors, risks and their extreme variety is deep enough to be clear (at least on an expert level) that good corruption risk assessment should be adapted to the specific environment (sector, institution, project, process) where it takes place. But when seeking for the most tailored (or best) practice in corruption risk assessment approach to a concrete case (regardless of the level, be it national, local, institutional, project or other level), guidelines, knowledge and experiences comprehended in international standards and mechanisms should be considered as valuable expedients.

There is no international standard, mechanism or tool that would develop methodology/methodologies specifically for the corruption risk assessment in public sector; however, various documents or

“ Experience without theory is blind, but theory without experience is mere intellectual play. ”

(Immanuel Kant)

papers exist (mostly adopted or developed by international organisations or institutions operating on a global level) that contain useful guidance for the corruption risk assessment in public sector as well. As mentioned above, they are very different:

- ▶ some of them can be used for CRA in public and private sectors (ISO standard 31000:2009);
- ▶ some were developed for companies or business entities operating in the private sector (UN Global Compact Guide for Anti-Corruption Risk Assessment⁵¹ and COSO Enterprise Risk Management - Integrated Framework⁵²). Their principles and methodologies can be adapted to the needs of CRA in the public sector. This paper, however, does not focus on the private sector; hence they are not presented in more detail;

51 The Guide is available on: http://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/RiskAssessmentGuide.pdf.

52 The COSO ERM framework can be purchased on <http://www.coso.org/guidance.htm>.



- ▶ some only mention the corruption risk assessment as a prerequisite for the effective fight against corruption, but do not establish any methodology of the assessment (Compliance and Technical Guide to UNCAC), and
- ▶ some of them are slightly ‘out of the box’ because they are not dealing directly with the corruption risk assessment, but, nevertheless, they contain some lessons for its methodology (OECD Public Sector Integrity - A Framework for Assessment).

3.1. ISO STANDARD 31000:2009, RISK MANAGEMENT - PRINCIPLES AND GUIDELINES

ISO 31000:2009, Risk management - Principles and guidelines, provides principles, framework and a process for managing risk. It can be used by any organization regardless of its size, activity or sector. Using ISO 31000 can help organizations increase the likelihood of achieving objectives, improve the identification of opportunities and threats and effectively allocate and use resources for risk treatment. ISO 31000 cannot be used for certification purposes, but nevertheless provides guidance for internal or external audit programmes. Basically, ISO international standards ensure that products and services are safe, reliable and of good quality. The standards are developed by International Organization for Standardization (ISO), which is an independent, non-governmental membership organization and the world’s largest developer of voluntary international standards.⁵³

ISO 31000:2009 is *applicable to any type of organization in the public or private sector*. It does not mandate a ‘one size fits all’ approach, but rather emphasises the fact that the management of risk must be tailored to the specific needs and structure of the particular organisation.⁵⁴

⁵³ For more information see <http://www.iso.org/>.

⁵⁴ Mills May, A: Causes of corruption in public sector institutions and its impact on development: turning what we know in what we do, p. 16 (available on: <http://unpan1.un.org/intradoc/groups/public/documents/un-dpadm/unpan049589.pdf>).

The main emphasis of the ISO 31000:2009 standard is on the following:⁵⁵

a/ ISO 31000:2009 has developed a new definition of risk

As already mentioned, the definition of risk has changed from ‘the chance of something happening that will have an impact on objectives’ to ‘*the effect of uncertainty on objectives*’. While risk managers will continue to consider the possibility of risks occurring, they should now apply risk treatment options to ensure that the uncertainty of their agency meeting its objectives will be avoided, reduced, removed or modified and/or retained.

b/ ISO 31000:2009 sets out 11 principles of risk management emphasising that a good risk management should:

- ▶ *create and protect value* (good risk management contributes to the achievement of an agency’s objectives through the continuous review of its processes and systems);
- ▶ *be an integral part of organisational processes* (risk management needs to be integrated with an agency’s governance framework and become a part of its planning processes, at both the operational and strategic level);
- ▶ *be part of decision making* (the process of risk management assists decision makers to make informed choices, identify priorities and select the most appropriate action);
- ▶ *explicitly address uncertainty* (by identifying potential risks, agencies can implement controls and treatments to maximise the chance of gain while minimising the chance of loss);
- ▶ *be systematic, structured and timely* (the process of risk management should be consistent across an agency to ensure efficiency, consistency and the reliability of results);
- ▶ *be based on the best available information* (to effectively manage risk it is important to understand and consider all available information relevant to an activity and to be aware that there may be limitations on that information. It is then important to understand how all this information informs the risk management process);
- ▶ *be tailored* (an agency’s risk management framework needs to include its risk profile, as well as take into consideration its internal and external operating environment);
- ▶ *take into account human and cultural factors* (risk management needs to recognise the

⁵⁵ Summarized from AS/NZS ISO 31000:2009 Risk Management - Principles and Guidelines, Factsheet prepared by Australian Government in August 2010 (available on: http://www.finance.gov.au/sites/default/files/COV_216905_Risk_Management_Fact_Sheet_FA3_23082010_0.pdf).

contribution that people and culture have on achieving an agency's objectives);

- ▶ *be transparent and inclusive* (engaging stakeholders, both internal and external, throughout the risk management process recognises that communication and consultation is key to identifying, analysing and monitoring risk);
- ▶ *be dynamic, iterative (frequentative) and responsive to change* (the process of managing risk needs to be flexible. The challenging environment we operate in requires agencies to consider the context for managing risk as well as continuing to identify new risks that emerge, and make allowances for those risks that no longer exist);
- ▶ *facilitate the continual improvement of organisations* (agencies with a mature risk management culture are those that have invested resources over time and are able to demonstrate the continual achievement of their objectives).

c/ ISO 31000:2009 addresses five attributes to enhance risk management:

1. An agency should fully accept accountability for their risks and develop comprehensive controls and treatment strategies.
2. There is now an increased emphasis on continuous improvement in risk management. Agencies should set its performance goals, its measures, and then review and modify processes as required. An agency should also review and modify its systems, resources and capability/skills to ensure continuous improvement.
3. Individuals with accountability for risk management must be identified. These individuals should be appropriately skilled, have adequate resources to check and improve controls, monitor risks, and the ability to communicate effectively with all stakeholders.
4. Decision making within the agency, whatever the level of importance and significance, should include consideration of risks and the application of the risk management process as appropriate.
5. Frequent reporting to all stakeholders of the agency's risk management performance should be included in the agencies governance processes. This reporting would be ongoing and highly visible.

d/ ISO 31000:2009 recommends developing an Enterprise-wide Risk Management (ERM) Framework

The Standard outlines an approach to developing a framework that will assist agencies to integrate risk management into their enterprise-wide risk management systems. Agencies are encouraged to consider the links between the foundations of their risk management framework and their organisation objectives. An agency's risk management

framework needs to include its policy objectives and its commitment to risk management alongside its legislative responsibility.

According to ISO 31000:2009, the risk management framework should be embedded within the agency's overall strategic and operational policies and practices. As regards *strategic objectives*, senior executives within an agency are responsible for providing the strategic direction of the agency (this approach describes the vision for the management of risk and what overarching outcomes will be achieved). In the realm of *operational objectives*, it is the middle managers of an agency who are responsible for aligning the strategic objectives with the agencies operations in order to achieve outcomes (the strategic plans developed at this level outline what each business unit must do to achieve their outcomes). Finally, line managers are responsible for developing strategic plans that are more specific to achieving outcomes and are short term in nature (*line objectives*). These plans prescribe in detail how the processes or activities of the agency's outcomes will be actioned and completed.

More concretely, risk assessment, according to ISO 31000:2009, includes three processes:

- ▶ *risk identification* (a process that involves finding, recognizing and describing the risks that could affect the achievement of organization's objectives. It is used to identify possible sources of risk in addition to the events and circumstances that could affect the achievement of objectives. It also includes the identification of possible causes and potential consequences. Organisation can use historical data, theoretical analysis, informed opinions, expert advice, and stakeholder input to identify your organization's risks),
- ▶ *risk analysis* (a process that is used to understand the nature, sources, and causes of the risks that you have identified and to estimate the level of risk. It is also used to study impacts and consequences and to examine the controls that currently exist), and
- ▶ *risk evaluation* (a process that is used to compare risk analysis results with risk criteria in order to determine whether or not a specified level of risk is acceptable or tolerable).

These processes should be implemented through risk management framework and processes.

According to ISO 31000, *a risk management framework* is a set of components that support and sustain risk management throughout an organization. There are two types of components: foundations and organizational arrangements. Founda-

tions include organisation's risk management policy, objectives, mandate, and commitment. And organizational arrangements include the plans, relationships, accountabilities, resources, processes, and activities for managing organization's risk. In the scope of risk management framework, ISO 31000:2009 recommends the following steps:⁵⁶

1. Establishing a risk management framework
2. Making a commitment to risk management
3. Designing organisation's risk management framework by:
 - ▶ understanding/evaluating organization's context
 - ▶ formulating organisation's risk management policy
 - ▶ making people accountable for managing risk,
 - ▶ building risk management into organization,
 - ▶ allocating resources for risk management,
 - ▶ establishing internal communication mechanisms,

- ▶ developing an external communication plan.
4. Implementing the approach to risk management by:
 - ▶ implementing organisation's risk management framework
 - ▶ implementing organisation's risk management process *
 5. Monitoring organisation's risk management framework
 6. Improving organisation's risk management framework



A *risk management process* is the one that systematically applies management policies, procedures, and practices to a set of activities intended to establish the context, to communicate and consult with stakeholders, and to identify, analyze, evaluate, treat, monitor, and review risk. In the area of risk management process, ISO31000:2009 recommends the following steps:

1. applying organisation's risk management process,
2. communicating and consulting with organisation's stakeholders,
3. establishing organisation's unique risk management context by:
 - ✦ *establishing organisation's risk management parameters,*
 - ✦ *establishing organization's external context,*
 - ✦ *establishing organization's internal context,*
 - ✦ *establishing the context of organisation's risk management process,*
 - ✦ *establishing organization's risk criteria;*
4. carrying out organization's risk assessment process by identifying, analyzing and evaluating risks;
5. formulating and implementing organisation's risk treatment plans by:
 - ✦ *exploring organization's risk treatment options,*
 - ✦ *selecting organization's risk treatment options,*
 - ✦ *preparing risk treatment implementation plans;*
6. monitoring and reviewing your risk management process and
7. maintaining a record of risk management activities.

⁵⁶ See more on <http://www.praxiom.com/iso-31000.htm>.

3.2. TECHNICAL GUIDE TO UNCAC

The Technical Guide to the United Nation's Convention against Corruption (UNCAC)⁵⁷ advises the UNCAC parties to design the anti-corruption strategy on the basis of a risk assessment that should be founded on relevant information or statistical data. The Technical Guide does not include a methodology for such assessment, but it offers some prospect on what information and activities should be considered relevant. According to the Technical Guide, useful data include audit reports on public bodies (they may give indications of corrupt use of public funds or demonstrate deficiencies in control or accounting procedures) and statistical data appropriate to the circumstances of each country. Further, the guide suggests special research to be conducted for the purpose of identification of causes, trends and vulnerabilities. All gathered information and data should be used for a risk or vulnerability assessment that identifies the trends, causes, types, pervasiveness and seriousness or impact of corruption. Such approach should provide a better knowledge on which processes or sectors are exposed to corruption and to what extent, which will further help develop practices for better prevention and detection of corruption.⁵⁸

3.3. OECD PUBLIC SECTOR INTEGRITY – A FRAMEWORK FOR ASSESSMENT

In 2005, the OECD published A Framework for Assessment of Public Sector Integrity⁵⁹. This methodology was mostly developed as a step further from the corruption risk assessment, i.e. assessment of the public sector policies promoting integrity and preventing corruption. Such assessment provides decision-makers with feedback on the functioning of mechanisms and support for systemic adjust-

ment. Being oriented to public sector, the OECD framework provides some useful criteria that are worth considering when preparing corruption risk assessment in public sector (or any part of it) given that such CRA, as a rule, includes policies, measures and action plans that will be assessed later on the basis of the OECD Framework for Assessment of Public Sector Integrity.

The OECD approach is based on the fact that governments are nowadays expected to verify whether the integrity policies are achieving their objectives in order to foster a favourable economic, political and social environment and to strengthen public trust. According to the OECD methodology, the “assessment journey” starts with identifying which building blocks of an “ethic infrastructure” (the institutions, systems and mechanism for promoting integrity and preventing corruption in the public service) need to be assessed. An assessment may focus on separate specific measures and their interaction, in particular:⁶⁰

- ▶ risks (analyzing risks and reviewing vulnerable areas susceptible to corruption),
- ▶ specific policy instruments (assessing discrete integrity and corruption prevention measures),
- ▶ complex programmes (examining the interaction of combined policy instruments),
- ▶ elements of an organizational culture (reviewing values, behaviours and specific individual actions).

When assessing integrity and corruption prevention measures, public organizations face a variety of challenges that need to be addressed. In order to help in this process, generic assessment framework has been developed to address in a systematic way the issues and challenges faced at different steps of the already mentioned ‘assessment journey’:⁶¹

Step 1. Defining the purpose: Why assess?

Step 2. Selecting the subject: What to assess?

Step 3. Planning and organizing the assessment: Who will assess?

Step 4. Agreeing on methodology: How to assess?

Step 5. Ensuring impact: How to integrate assessment results into the policy cycle?

Further, the assessment framework provides a set of criteria to help decision-makers and managers design an assessment that captures relevant information for decision making. Assessments may focus on:⁶²

⁵⁷ Technical guide to the UNCAC, United Nations 2009 (available on: http://www.unodc.org/documents/corruption/Technical_Guide_UNCAC.pdf).

⁵⁸ Technical guide to the UNCAC, United Nations 2009, p. 3 - 4.

⁵⁹ The OECD Framework for Assessment of Public Sector Integrity is available on: http://www.keepeek.com/Digital-Asset-Management/oecd/governance/public-sector-integrity_9789264010604-en#page1.

⁶⁰ OECD Framework for Assessment of Public Sector Integrity, p. 11.

⁶¹ Ibidem, p. 12.

⁶² Ibidem, p. 14.



- ▶ *formal existence of measures* (are integrity policy instruments - such as legal provisions, codes of conduct, institution, procedures - in place?);
- ▶ *feasibility* (are integrity policy instruments capable of functioning?);
- ▶ *effectiveness* (did the integrity policy instrument achieve its specific initial objectives?);
- ▶ *relevance* (how significantly have policy instruments contributed to meeting stakeholder's overall expectations, e.g. overall impact on daily behaviour?);
- ▶ *coherence* (do the various elements of the procedure coherently interact and re-enforce one another, and support the overall aims of integrity policy?).

book, involves several practical tasks that facilitate a detailed analysis of the country's corruption problems and help establish what can be done realistically to improve the situation.⁶⁶The basic methodology can be seen in Figure I and Figure II below. The Handbook also offers a detailed description of each phase and the activities within it, including substantial guidelines on corruption and its features.

3.4. USAID ANTI-CORRUPTION ASSESSMENT HANDBOOK

The USAID⁶³ Anti-Corruption Assessment Handbook was prepared in 2009⁶⁴ with the purpose to provide USAID missions and their implementing partners with an integrated framework and practical tools to conduct tailored anticorruption assessments efficiently and at a level sufficiently detailed to produce targeted and prioritized recommendations for programming. The essential step toward implementing improved anticorruption programs is to assess how corruption manifests itself in a particular country, to identify factors that drive it, and to assess the effectiveness of existing laws, institutions and control mechanisms aimed at reducing a country's vulnerability to corruption. As a donor organisation, USAID believes that, by offering a common approach by which the dynamics of corruption can be understood and assessed, anticorruption strategies can be improved and programs made more effective and appropriate to different country conditions.⁶⁵

However, anticorruption assessments can help to inform not only USAID program directions, but also support host-country priorities and solutions. The assessment framework, developed in the Hand-

⁶³ United States Agency for International Development (USAID), <http://www.usaid.gov>.

⁶⁴ USAID Anti-Corruption Assessment Handbook [authors: Bertram I. Spector, Michael Johnston and Svetlana Winbourne], published in February 2009, is available on: http://pdf.usaid.gov/pdf_docs/pnadv270.pdf.

⁶⁵ USAID Anti-Corruption Assessment Handbook, p. 1 (available on: http://pdf.usaid.gov/pdf_docs/pnadv270.pdf).

⁶⁶ Ibidem, p. 8 (available on: http://pdf.usaid.gov/pdf_docs/pnadv270.pdf).

Figure 1: From understanding to problem definition to programming⁶⁷

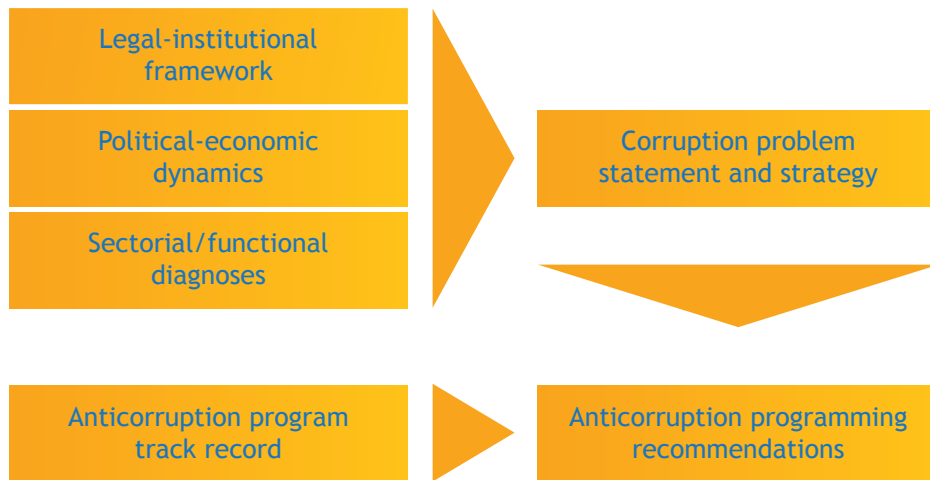
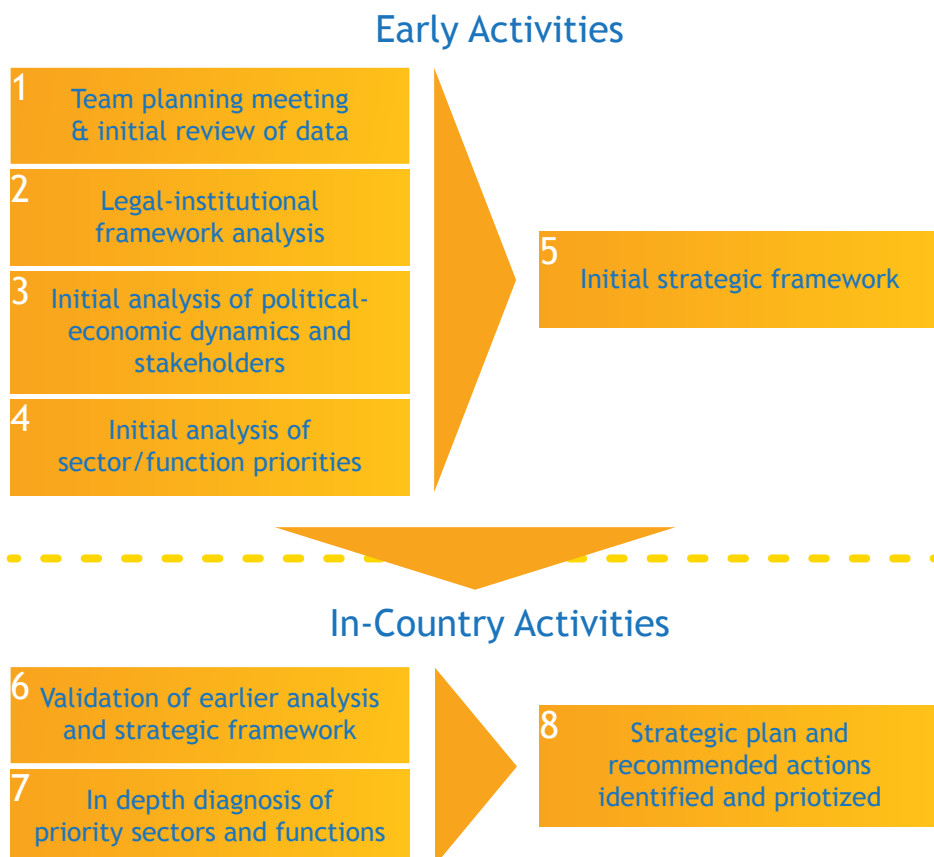


Figure 2: Flowchart of Anti-Corruption Assessment Framework⁶⁸



⁶⁷ Ibidem, p. 3 (available on: http://pdf.usaid.gov/pdf_docs/pnadp270.pdf).

⁶⁸ Ibidem, p. 8 (available on: http://pdf.usaid.gov/pdf_docs/pnadp270.pdf).

4. OVERVIEW OF EXISTING PRACTICES

4.1. GOOD PRACTICES: AUSTRALIA, NETHERLANDS AND SLOVENIA

One of the important issues (or limits) regarding corruption risk assessment lies in the fact that it is very hard to calculate or to estimate its actual effect or success in practice. Being a preventive tool, CRA works in a non-measurable way as it is not possible to credibly calculate how much corruption, breaches of integrity or unethical behaviour was prevented as a result of it. Criminal law and other statistics cannot show the things that didn't happen because they had been prevented. The anticipations can hardly be relevant: if, in a few years after introducing a nation-wide system of CRA (e.g. in the form of mandatory integrity plans for the public sector institutions), the trust of people in the public sector arises, this may or may not be the effect of CRA (the reason may be e.g. in the structural reforms that made the public sector more efficient and citizens-friendly). If the trust of people in the public sector remains low after implementation of CRA, this does not necessarily mean that the tool has been inefficient given that trust is an individual perception. In addition, it is a bit risky to declare any existing CRA model or approach as the best practice because of the fact that, as already explained, one model of CRA that yields good results in one country (and is, therefore, certainly the best practice from the viewpoint of that country) will not necessarily be successful in a different environment of another country.

In this subchapter, three different models are presented (one standard tool and two self-assessment tools) that have been developed (and are still being developed) by the competent institutions and dedicated experts of the respective countries. In particular, insight into self-assessment tools should serve not as model to copy, but as a good (or at least promising) practice on how to approach the issue of corruption risk assessment seriously and with due reflection.

“By three methods we may learn wisdom: first, by reflection, which is noblest; second, by imitation, which is easiest; and third by experience, which is the bitterest.”

(Confucius)

4.1.1. AUSTRALIAN STANDARD AS 8001-2008 - FRAUD AND CORRUPTION CONTROL

Australian standard AS 8001-2008: Fraud and Corruption Control aims to provide entities with the tools they need to apply general risk management principles to the control of fraud and corruption. The Standard is intended to apply to all entities operating in Australia, but it is, nevertheless, often cited as the best practice in the realm of international standards.

AS 8001-2008 standard provides an outline for an approach to controlling fraud and corruption and it is intended to apply to all entities including government sector agencies, publicly listed corporations, private corporations, other business entities and not-for-profit organizations engaged in business or business-like activities.

Fraud and corruption contemplated by the Standard fall into three main categories: (a) fraud involving the misappropriation of assets; (b) fraud involving the manipulation of financial reporting (either internal or external to the reporting entity); and (c) corruption involving abuse of position for personal gain.

The Standard proposes an approach to controlling fraud and corruption through a process of:⁶⁹

- ▶ establishing the entity's fraud and corruption control objectives and values;
- ▶ setting the entity's anti-fraud and anti-corruption policies;
- ▶ developing, implementing, promulgating and maintaining an holistic integrity framework;
- ▶ fraud and corruption control planning;
- ▶ risk management including all aspects of identification, analysis, evaluation treatment, implementation, communication, monitoring and reporting;
- ▶ implementation of treatment strategies for fraud and corruption risks with a particular focus on intolerable risk;
- ▶ ongoing monitoring and improvement;
- ▶ awareness training;
- ▶ establishing clear accountability structures in terms of response and escalation of the investigation;
- ▶ establishing clear reporting policies and procedures;
- ▶ setting guidelines for the recovery of the proceeds of fraud or corruption; and
- ▶ implementing other relevant strategies.

Adoption of this Standard requires an appropriate level of forward planning and application of a structured risk management approach. The application of contemporary risk management principles is seen as fundamental to the prevention of fraud and corruption. The objective of the fraud and corruption control program outlined by this Standard is:

- ▶ elimination of internally and externally instigated fraud and corruption against the entity;
- ▶ timely detection of all instances of fraud and corruption against the entity in the event that preventative strategies fail;
- ▶ recovery for the entity of all property dishonestly appropriated or secure compensation equivalent to any loss suffered as a result of fraudulent or corrupt conduct; and
- ▶ suppression of fraud and corruption by entities against other entities.

It is worth mentioning that the authors of the Standard consider the fact that in some Australian industry sectors, there is an argument that fraud and corruption is so entrenched that it can never be fully eradicated. For example, it is unfeasible

⁶⁹ Summarized from AS 8001–2008 Fraud and Corruption Control, Second edition, 2008, (available on <http://www.saiglobal.com/PDFTemp/Previews/OSH/AS/AS8000/8000/8001-2008.pdf>).

for externally instigated fraud to be eliminated within the banking sector—the nature of banking is such that a certain level of fraud and attempted fraud will always exist. On the other hand, in many entities operating within certain industry sectors, the complete elimination of opportunistic ‘one-off’ fraud and corruption incidents by application of an effective risk management approach would be feasible.⁷⁰

4.1.2. THE NETHERLANDS

Corruption risk assessment is obligatory in the Netherlands for all public sector institutions (ministries, provinces, water boards, municipalities). They can use a comprehensive corruption risk assessment tool called SAINT or choose another (similar) tool. Corruption risk assessment is not based on a law, but the public sector institutions agreed in written to conduct these analyses (the agreement is, therefore, considered to be binding, although not a law). There are no sanctions for non-compliance with the agreement to conduct corruption risk assessment, but if a public sector institution gets involved in an integrity breach and if internal integrity systems, control mechanisms etc. turn out to be of poor quality, then the management will face the consequences.⁷¹

The most promoted corruption risk assessment tool developed in the Netherlands for the public sector organizations is Self-Assessment Integrity or SAINT. This tool enables public sector organizations to assess their vulnerability and resilience to integrity violations and provides recommendations on how to improve integrity management. It was jointly developed by the Office for the Promotion of Public Sector Integrity (BIOS), the Integrity Office of the Municipality of Amsterdam and the Netherlands Court of Audit.⁷²

The main characteristics of the SAINT are as follows:⁷³

⁷⁰ Ibidem, p. 13.

⁷¹ See the research on integrity policy (in historical perspective) in Netherlands in Hoekstra, A., Kaptein, M.: Understanding Integrity Policy Formation Process - a Case Study in the Netherlands of the Conditions for Change, Public Integrity (a Journal of the American Society for Public Administration), Vol. 16, No. 3/2014, p. 243 - 263.

⁷² See ‘A new integrity instrument- SAINT’ flyer (available on: http://www.integriteitoverheid.nl/fileadmin/BIOS/data/Factsheets/BIOS-FS-Saint_klein_.pdf).

⁷³ See Brenner, H., de Haan, I: SAINT, Tool to Assess the Integrity of Public Sector Organisations, International Journal of Government and Auditing, April 2008, p. 16 - 17 (available on: http://www.intosajournal.org/pdf/2008_staats_award_articles.pdf; the article is available also on <http://www.intosajournal.org/technicalarticles/technicalapr2008b.html>).

- ▶ being targeted at prevention, SAINT is designed to identify the main integrity weaknesses and risks, to significantly increase awareness of integrity and to strengthen the organization's resilience in the face of identified shortcomings (therefore, the tool is not aimed at detecting and punishing the concrete integrity violations),
- ▶ being a self-assessment tool, SAINT demands the organization itself to take the initiative to test its integrity, which means that the assessment is based on the knowledge, opinions, ideas and recommendations of the staff. They receive the methodological advice on a one-day workshop where they learn how to think in terms of vulnerability and risk and how to develop recommendations on how to minimize them. The end product of the workshop is a concrete management report/action plan with recommendations on where measures must be taken to strengthen the organization's resilience in response to integrity violations.

SAINT is based on the five 5 steps methodology:⁷⁴

- ▶ step 1: identification and assessment of areas of vulnerability inherent to the activities and processes of the organisation (they can include contracting, document issuing, legislative activities, law application, relationships with private sector, management of state property, etc.);
- ▶ step 2: assessment of the factors increasing vulnerability (such as increasing complexity of work, rapid legal or other changes, management and personnel),
- ▶ step 3: assessment of the integrity-based control system (with the aim of establishing how resilient the individual organisation is in terms of arising corruption risks);
- ▶ step 4: deviation analysis (aimed at establishing whether the balance between the vulnerability profile determined in steps 1 and 3 and the level of the integrity-control system (step 3) is sufficient);
- ▶ step 5: follows only if step 4 shows insufficient balance between the identified vulnerability and control-system. In this case, based on the results of the deviation analysis, a plan is prepared on how to manage the most dangerous processes and what measures are required to improve organisation's resilience against corruption risks.

The whole process can be compiled in a risk map that illustrates corruption risks and designates possible directions of action in the public sector.

⁷⁴ See Bager, G.: Corruption Risks in Public Administration Methodology and Empirical Experiences, Public Finance Quarterly, Vol. 56 (2011), No. 1, p. 45 (available on: <http://www.asz.hu/publications/2011/corruption-risks-in-public-administration/bagerangol.pdf>).

The efficiency is very significant to the SAINT methodology. The whole process is carried out in a 1-day, but very carefully prepared, workshop with the following modules:⁷⁵

Module 1: Analysis ->in this module, the participants analyze the main integrity risks for each vulnerable process inherent to their organisation. More concrete, this module includes:

- ▶ 1a Analysis of processes: the first step is to analyze the primary and secondary processes relevant to the organization. By way of preparation, the organization must draw up a full list of its primary and secondary processes and send it to the moderator before the workshop;
- ▶ 1b Selection of most vulnerable processes: an estimate is made of the vulnerability - i.e., the potential exposure to integrity violations-of all the processes named in step 1a. The participants ultimately choose the two or three most vulnerable processes so that the related risks can be identified in the next step;
- ▶ 1c Analysis of the integrity risks of the most vulnerable processes: participants analyze the integrity risks - i.e., the concrete risks of integrity violations - of the processes selected in step 1b as being the most vulnerable;
- ▶ 1d Selection of the main risks: in this module, the main integrity risks are selected from the list drawn up in step 1c. Based on the aggregated individual scores of the participants, the top five greatest perceived risks for each process are listed and consensus is reached on the scores.

⁷⁵ See Brenner, H., de Haan, I: SAINT, Tool to Assess the Integrity of Public Sector Organisations, International Journal of Government and Auditing, April 2008, p. 17 - 21 (available on: http://www.intosaijournal.org/pdf/2008_staats_award_articles.pdf).

Possible vulnerable processes are, for example, the following:

Elements for assessing vulnerability	Vulnerable areas/activities/actions	
Relationship between the government and the public/businesses	<i>Collection</i>	assessments, taxes, import duties, excise duties, fees, charges
	<i>Contracting</i>	tenders, orders, assignments, awards
	<i>Payment</i>	subsidies, benefits, allowances, grants, sponsoring
	<i>Issuance</i>	permits, passports, driving licenses, identity cards, authorizations, inspections
	<i>Enforcement</i>	supervision, control, inspection, prosecution, detection, justice, punishment
Management of public property	<i>Information</i>	national security, confidential information, documents, dossiers
	<i>Money</i>	cash/giro via budgets, premiums, expenses, bonuses, allowances, etc.
	<i>Goods</i>	Purchase, management and consumption (stocks, computers)

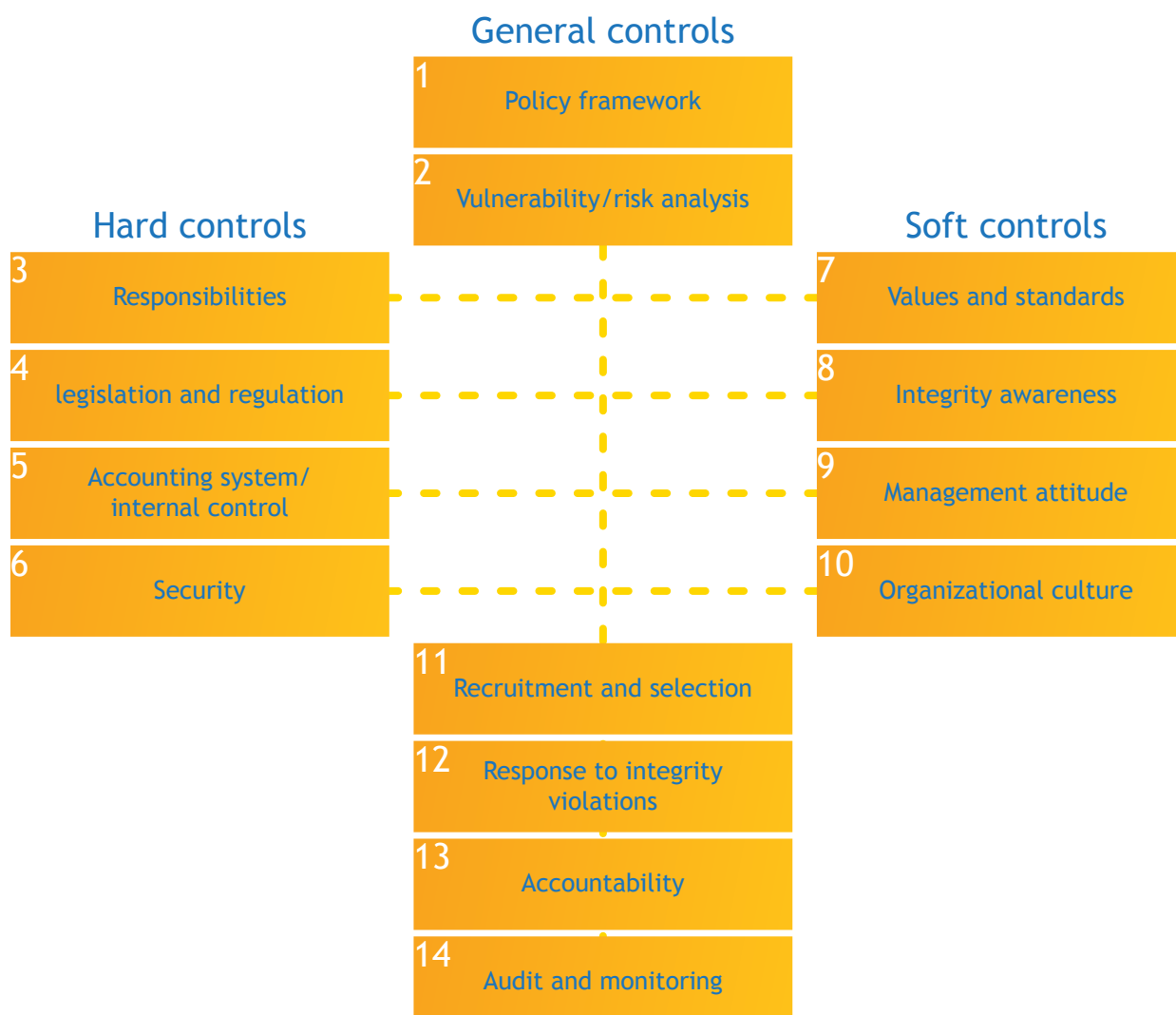
In addition to the vulnerability caused by characteristics of a function or process, the factors that can also increase vulnerability (i.e. the factors that increase the probability of different integrity violations) are identified. Here are some examples of such factors:

Area	Risk factor
Management and staff	management dominated by a single person or small group staff has powers to be obstructive staff loyalty extremely limited
Organisational culture	not customary to hold each other responsible lack of opportunity or safety to discuss difficult questions
Nature of the work	discretionary powers/solo action political pressure, time pressure, pressure from market parties or members of the public
Complexity	complex financial/legal relationships young organization/short or quickly set-up projects combination of public and private (commercial) functions

Module 2: Assessment-> in this module, the participants assess the maturity of the integrity measures that together form the organization's integrity management system. The system is divided into 14 clusters, which are subdivided into three blocks (see Figure 1 below):

- ▶ the hard controls are concerned primarily with regulations, procedures and technical systems,
- ▶ the soft controls are aimed at influencing behaviour, working atmosphere and organizational culture, and
- ▶ the general controls category is more wide ranging or has a mix of hard and soft elements.

Figure 3: Integrity Control Management System



During the workshop the participants assess the maturity of all the measures by awarding them points, based on the following four maturity levels:

Level	Criteria
1	I do not know of the measures' existence
2	I know of the measures' existence I think the measures are not implemented/observed
3	I know of the measures' existence I think the measures are implemented/observed I do not know if the measures work/are effective
4	I know of the measures' existence I think the measures are implemented/observed I think the measures work/are effective

Module 3: Management report and action plan -> this module is designed to answer the central question 'which measures are the most appropriate to make the most vulnerable processes more robust.' Based on the knowledge and results from previous modules, the participants suggest how the organization can improve and implement the most important measures. Based on these suggestions, the management report and action plan are prepared.

Module 4: Evaluation of the workshop -> at the end of the SAINT workshop, the participants are asked to answer a series of questions to evaluate the workshop itself.

4.1.3. SLOVENIA

4.1.3.1. INTEGRITY PLAN

In Slovenia, the integrity plan⁷⁶ is a tool for establishing and verifying the integrity of the public sector organization or institution. It is a documented process for assessing the level of vulnerability of an organisation and its exposure to unethical and corrupt practices. It is devoted to:

- ▶ identifying relevant corruption risks in different working fields of an individual organization;
- ▶ assessment, what kind of danger the corruption risks may pose to an individual organization;
- ▶ determining measures to reduce or eliminate corruption risks.

The main objective of the integrity plan is to systematically and comprehensively implement national and international standards, principles and objectives in the prevention of corruption. Furthermore, the integrity plan is used by the institutions to determine their exposures as well as the exposure or vulnerability of their organizational conditions, processes and employees to corruption and other illegal and unethical behaviour.

The idea of integrity plan is based on the fact that process of identifying risks and planning and implementing adequate measures to eliminate those risks should strengthen integrity and anti-corruption culture in a public sector. Given that the in-

tegrity plan identifies and eliminates the causes of corruption, the rule of law and people's confidence in the institutions consequently arises.

The Integrity Plan model was introduced in the Slovenian legislation by the Corruption Prevention Act (2004), which introduced the integrity plans as a tool and documented process. However, too much burden was placed on the Commission for the Prevention of Corruption (CPC) in terms of drawing up the integrity plans and insufficient methodology. In 2010, the new Integrity and Corruption Prevention Act (IPCA) was adopted that offered a new approach in drawing up the integrity plans by:

- ▶ introducing an obligation to draw up the integrity plans for more institutions than the previous act,
- ▶ providing a new and more descriptive methodology,
- ▶ providing a more detailed process of drawing up (assessment of exposure, indicators for dividing into groups etc.) integrity plans, and
- ▶ securing more transparency given that it prescribes publication of the integrity plans.

The entities obliged to develop integrity plans, according to the IPCA, are the following:

- ▶ state bodies;
- ▶ self-governing local communities;
- ▶ public agencies;
- ▶ public institutes;
- ▶ public utility institutes;
- ▶ public funds.

However, as an exception to the rule, CPC may issue a decision ordering a public entity not listed above to draw up, implement and amend the integrity plan when a risk of corruption and other forms of unlawful conduct in performing an activity in the public interest exists, and the public assets are available to that entity.

Pursuant to Article 47 of the IPCA, the integrity plan must consist, in particular, of:

- ▶ assessment of corruption exposure of the institution;
- ▶ personal names and work posts of persons responsible for the integrity plan;
- ▶ a description of organisational conditions, staff and typical work processes including a corruption risk exposure;
- ▶ assessment and proposed improvements / recommendations regarding:
 - ✦ the quality of regulations, management, administration, etc.,
 - ✦ the integrity of staff and institution,

⁷⁶ The information is obtained from the website of the Commission for the Prevention of Corruption of the Republic of Slovenia: www.kpk-rs.si/en, and from the presentation titled 'Integrity Plan' by Jana Kulevska Crepinko, held in RAI Workshop on 'Integrity Promotion: International and National legal instruments and mechanisms' in July 2011 in Ohrid, The Former Yugoslav Republic of Macedonia (available on http://www.rai-see.org/doc/Presentation_of_Mrs_Jana_Kulevska_Crepiko-Commission_for_the_Prevention_of_Corruption-Republic_of_Slovenia.pdf).

- ✦ transparency and efficiency of processes,
- ✦ measures for timely detection, prevention and elimination of corruption risks,
- ✦ other parts of the plan defined in the guidelines prepared by CPC.

The integrity plan implementation methodology, as prescribed by the IPCA, was developed by CPC in the form of guidelines that are based on:

- ▶ international conventions, standards and principles for fighting corruption transposed into the national legislation;
- ▶ ISO Standard 31000, published in 2009, as an internationally recognised standard for the implementation of risk management principles;
- ▶ Australian/New Zealand Standard: Risk management - Principles and Guidelines (AS/NZS ISO 31000:2009);
- ▶ methodologies used by the Slovenian auditors for controlling financial risks, such as COSO, INTOSAI;
- ▶ Guide 'Risk Management, Developing and Implementing a Risk Management Framework by Victorian Managed Insurance Authority (VMIA)

The process of developing of the integrity plan model started with the CPC's invitation to all persons/institutions (obliged by the law to develop the integrity plans) to participate in developing the model. Having reached the consensus with the institutions on a model, the model was presented to the institutions (under a statutory obligation to develop the integrity plans) at a high level conference. The CPC organised seminars and trainings for the persons responsible for the integrity plan (the so-called integrity plan managers / integrity officers) and facilitated the Commission's Open Days and a daily available hotline for integrity officers.⁷⁷ Furthermore, a personal approach was applied for communication, which showed positive results, such as: 1. more information obtained on the existing problems in their area of work/institutions; 2. more intensive awareness raising; 3. motivation for the work ahead.

In addition to permanent professional assistance to the persons and institutions obliged by the law to develop the integrity plans, the CPC's experts also prepared a number of documents to facilitate the process of integrity plan development (guidelines for preparing integrity plans, instructions, glossary, questions concerning the legal content, questionnaire, etc.). A unified notice was sent to the heads of all public sector entities in order to

facilitate a unified approach in giving explanation to their staff about the integrity plan and importance of its preparation.

According to the methodology adopted in the guidelines for preparing integrity plans, the process of integrity plan development consists of five phases.

Phase 1: preparatory phase -> creation, adoption and implementation of the integrity plan is primary responsibility of the superior or the head of the institution obliged to:

- ▶ inform the employees of the obligation to draw up integrity plans and its importance;
 - ▶ appoint an integrity officer;
 - ▶ appoint members of a working group within the institution to draw up the integrity plan.
- ▶ The preparatory phase also includes gathering of all relevant information. The working group decides on the methodology for obtaining information (questionnaires, interviews, brainstorming, focus group work, forums, etc.) and it is responsible to collect all relevant information to be able to identify corruption risks and the risks of other unethical and unlawful conduct from all available relevant sources (reports, recommendations, internal and external sources, etc.).

Phase 2: identification of risks -> this phase is aimed at answering the questions as to where, when, why and how the events could prevent, degrade or delay the achievement of organisational objectives. The risks vary from one institution to another as they are related to the institution's organizational conditions of work, employees and processes. The process of identification and definition of risks requires an active involvement of all employees given that they are most familiar with the institution and its operation.

The CPC determined some pre-set groups of risks that have to be included in the integrity plan of each institution - groups of risks either derive from the IPCA (conflict of interest, gifts giving/accepting, business restrictions, incompatibility of functions, etc.) or they have been identified as "vulnerable" in practice (i.e. public procurement, issuing licenses, etc.). The groups of risks may also be proposed to be included in the integrity plan of a particular institution by auditors or state bodies with a supervisory role (inspections, etc.).

The identified risks have to be verified through verification of risk sources (organizational conditions, employees or work processes).

⁷⁷ See slide 18 of the presentation by J. Kulevska Crepinko (available on http://www.rai-see.org/doc/Presentation_of_Mrs_Jana_Kulenska_Crepiko-Commission_for_the_Prevention_of_Corruption-Republic_of_Slovenia.pdf).

In order to make it more applicable to the concrete situations and the environment in which an organization performs its activities or which influences the organisation's work, additional risks are added to the pre-set risks in the integrity plan development process. Additional risks are proposed by the working group and they are specific to a particular organization, which means that they vary from one organization to another. They are identified on the basis of reports on violations, etc.

Phase 3: risk analysis -> in this phase, the working group has to analyse the identified risk sources and to identify any measures that exist within the institution to manage them. If such measures exist, the working group establishes whether they are sufficient and effective and whether the risk sources are properly managed.

Phase 4: risk evaluation -> with regard to the risk sources that are either improperly or partially managed, the working group has to establish the likelihood of occurrence and consequences of the risk for the institution. A heat map is used to evaluate the risk according to 1) the likelihood of occurrence and 2) the consequences of the risk for the institution.

Phase 5: addressing risks-> appropriate measures are determined on the basis of evaluation of the risk, including deadlines for the implementation of the measures. Risk registry is prepared - it contains the identified and confirmed relevant risks, measures, priorities, responsible persons and the implementation deadlines with regard to the risks. Every employee has to be informed of the content of the integrity plan and the registry.

Having adopted the integrity plan, the institution sends it with all the corresponding documentation (minutes of meetings, the registry, etc.) to the CPC. The CPC reviews the integrity plan and assesses it to establish whether the guidelines provided by the Commission were taken into account in its entirety. The CPC sends the information to the institution, with additional recommendations and the guidelines. It may also set a new deadline for complementing the existing integrity plan or drawing up a new one. The CPC addresses its communication to the head of the institution and the integrity plan manager / integrity officer.

4.1.3.2. SUPERVIZOR PROJECT

Major corruption risks are, as a rule, connected with public financial schemes and budgetary funds in one way or the other. A transparent financial operation of the public sector entities is very ef-

ficient preventive mechanism, especially when budgetary spending is made public. Such system is implemented in the Republic of Slovenia where a tool named "Supervisor" was made public in 2011 and it has been constantly upgraded.⁷⁸

Supervisor is an online application⁷⁹ that has provided information on business transactions of the public sector entities (i.e. direct and indirect budget users: legislative, judicial and executive authorities, autonomous and independent state authorities, local communities, public institutes, public funds, public agencies etc., and public enterprises are going to be included in the near future), as of 1 January 2003. User can see all money transfers from the selected budget user or all money transfers from the budget user to the selected company. Data can be also displayed for a specified period of time. The purpose of money transfer is shown for all transactions over 4000 EUR. The application also shows data about public procurements and the information about the business entities in Slovenia. In addition, it presents management and ownership structure of the companies and some information from their annual reports. An important part of the application is a module, which shows a list and information about the publicly owned companies

In Slovenia, Supervisor was conceptually designed and prepared by the Commission for the Prevention of Corruption in cooperation with an independent expert and with the assistance of other authorities which provided the relevant data and cooperated in its presentation and interpretation (especially the Slovenian Ministry of Finance, Public Payments Administration of the Republic of Slovenia and the Agency of the Republic of Slovenia for Public Legal Records and Related Services). The application indicates contracting parties, the largest recipients of public funds, related legal entities, date and amount of transactions and, in certain cases, the purpose of money transfers. It also enables presentation of data using graphs as well as printouts for specified periods of time and similar. Insight into financial flows among the public and private sector is enabled not only to the public, media and professional community, but also to other regulatory and supervisory bodies (police, tax authorities, inspections, etc.) that can take advantage of a complex analysis and visualisation of data (the

⁷⁸ Supervisor is available on <http://supervisor.kpk-rs.si/>.

⁷⁹ Information on Supervisor is obtained from the website <https://www.kpk-rs.si/en/project-transparency> and from Kovacic, M.: Supervisor: Providing Citizens with Information about the Government Spending, presentation available on https://www.kpk-rs.si/upload/datoteke/Supervisor_2014_ENG.pdf

application enables advanced data mining, pattern search, advanced network analysis, detection of affiliate persons and affiliate companies, etc.).

Transparency of financial flows among the public and private sector increases the level of responsibilities of public office holders in terms of effective and efficient use of public finance, facilitates debate on the adopted and planned investments and projects and decreases risks of illicit management, abuse of functions, and, above all, limits systemic corruption, unfair competition and cronyism in public procurement procedures. Because it is a powerful analytical tool, it can also be used for corruption risk identification in a particular sector or organisation.

Prerequisites for online public sector financial analyses (such as Supervisor of the Republic of Slovenia) are the following:

- ▶ adequate legislation on access to public information,
- ▶ government commitment (especially on the level of institutions that own or operate databases from which the application obtains and updates data), and
- ▶ software.

When introducing such application, clear precautions are needed concerning the fact that it shows only objective state, without indicating criminal offences or guilt. Besides, it is important that the application is operated by an independent institution or in such a way that it cannot be simply shut down in the event of a lack of political will for whatever reason.

4.2. EXISTING PRACTICE IN THE SOUTHEAST EUROPE (SEE)

In this subchapter, the existing practices on corruption risk assessment in SEE are summed up on the basis of available data, including short recommendations to respective governments regarding implementation / integration of CRA or improvement of the existing system.

4.2.1. ALBANIA

In Albania, no type of corruption risk assessment is provided as mandatory or recommended by law, but a risk assessment methodology to be used by

institutions was prepared under the PACA project funded by the European Union and implemented by the Council of Europe.⁸⁰ It includes the risk assessment overview and draft examples of documents, with the emphasis on several sectors with a high risk of corruption. The CRA methodology developed by PACA can be used for self-assessment or for external assessments, and recommends the following:⁸¹

- ▶ line ministries and other public institutions should complete the risk assessment questionnaire;
- ▶ in addition, a broader external assessment of selected institutions is recommended (such an assessment might be conducted by Department for Internal Administrative Control and Anti-Corruption (DIACA), using not only the questionnaire approach to identify risk factors, but also making an assessment of the incidence of corruption and examining in more depth issues identified as important through the risk assessment questionnaire), and
- ▶ given the tasks already performed by DIACA, PACA regards an ideal solution to be the commissioning by DIACA of external organizations (such as NGOs or other research bodies) to conduct such assessments.

In the scope of PACA project, the following concrete risk assessments have been conducted:⁸²

- ▶ Assessment of the Licensing, Regulation and Inspection of Private Educational Institutions within Albania,
- ▶ Corruption Risk Assessment of the Albanian Competition Authority,
- ▶ Risk Assessment: Corruption in the Health Sector in Albania,
- ▶ Corruption Risk Assessment: Provision of Social Housing in Albania,
- ▶ Risk Analysis of the Albanian Education System,
- ▶ Risk Assessment: Corruption in the Albanian System for the Registration of Immovable Property, and
- ▶ Administrative Complaints against Judges in Albania.

⁸⁰ Council of Europe: Project against corruption in Albania (PACA), Technical paper on 'Corruption Risk Assessment Methodology Guide' [authors: Quentin Reed, Mark Philp], December 2010, available on: http://www.coe.int/t/dghl/cooperation/economiccrime/corruption/projects/Albania/Technical%20Papers/PACA_TP%20202011-Risk%20Assessment%20Methodology.pdf.

⁸¹ PACA Methodology Guide (cited in previous footnote), p. 14.

⁸² Reports are available on: http://www.coe.int/t/dghl/cooperation/economiccrime/corruption/projects/Albania/risk%20assessment_en.asp.

Recommendations from these assessments have been reviewed by the competent Albanian institutions and are now part of the measures in the Action Plan against Corruption.

Given that the corruption risk assessment is not mandatory or adopted by law, omission of its im-

plementation entails no sanctions. It is planned to implement CRA in accordance with the draft National Strategy against Corruption and when so (national strategy is expected to be adopted by the end of 2014), the National Coordinator Against Corruption should be responsible for supervision over its implementation.

There is no systematic and nation-wide CRA approach in Albania yet, but the efforts can be seen also in this area. International organisations and external experts are of great help to Albania as regards the corruption risk assessment. As a result of their activity, a tailored CRA methodology was developed for Albania and some concrete corruption risk assessments were conducted in different fields or sectors. Therefore, Albania has rather good possibilities for integration of a nation-wide CRA model in the near future and it is encouraged to upgrade existent knowledge and experience.

4.2.2. BOSNIA AND HERZEGOVINA

In September 2009, the Anti-Corruption Strategy and Action Plan for the Fight against Corruption (for the period 2009 - 2014) were adopted in Bosnia and Herzegovina by the Council of Ministers. The Strategy pays special attention to the corruption prevention. Some of the particularly important preventive measures include, inter alia, the obligation of each ministry and other public institutions at any level of government in BiH to prepare their own anti-corruption action plans or integrity plans.⁸³

The Law on the Agency for the Prevention of Corruption and Coordination of the Fight against Corruption was adopted in December 2009. At the end of 2013, BiH Agency for the Prevention of Corruption and Coordination of the Fight against Corruption⁸⁴ prepared the Guidelines for development and implementation of integrity plans⁸⁵ and the Methodology for integrity plan preparation.⁸⁶ Based on those documents, the state institutions started the activities for integrity plan development. According to the Agency, 30 state institutions have established working groups for integrity

plan preparation and 17 have already prepared their own integrity plan.⁸⁷ The Agency is helping the institutions in the process of integrity plan preparation and implementation, and it is also provides its opinion, observations and suggestions on the final version of integrity plans.

According to the Guidelines and the Methodology, integrity plan is prepared through several phases. At a certain point in different phases, all public officials have to cooperate, including management and integrity officers (coordinators) who are responsible for preparation, organisation, coordination and supervision over the process of the integrity plan preparation.

First, program (project) for the integrity plan implementation is prepared, including the purpose and the aim of the project. Then a working group is established to prepare a plan of all activities and to set the deadlines in the process of preparation of integrity plan. At this stage, the project is presented to the employees who are obliged to provide answers to a questionnaire (anonymously) targeted at identification of the positions that are more prone to corrupt behaviour affecting the institution's integrity. Further, all legal documents relevant for the institution (for its organisation, working processes as well as employees) are collected and analyzed. In the next phase, risks and threats are identified on the basis of all collected data and information showing the present state of affairs. In the final phase, the working group prepares recommendations for improvement of processes and elimination of vulnerabilities, and sets the deadlines for their implementation.

⁸³ Transparency international: national integrity system assessment of Bosnia and Herzegovina (2012), p. 40 (available on: <http://ti-bih.org/wp-content/uploads/2012/12/National-Integrity-System-Assessment-BiH-2013-en.pdf>).

⁸⁴ More on the Agency is available on its website: www.apik.ba.

⁸⁵ Guidelines are available on: http://www.apik.ba/acms_documents%5Csmijernice%20za%20izradu%20planova%20integriteta.pdf.

⁸⁶ Methodology is available on: http://www.apik.ba/acms_documents%5Cmetodologija%20izrade%20plana%20integriteta.pdf.

⁸⁷ Information obtained from press release on 17. October 2014 (available on: <http://www.apik.ba/Article.aspx?newsId=389&lang=ba>).

In Bosnia and Herzegovina, the anti-corruption or integrity plans as the central corruption risk assessment tool are based on the national Anti-Corruption Strategy. Preparation and implementation of the integrity or anti-corruption plan is, in principle, binding for the ministries and other public institutions at any level of government in BiH, but there are no sanctions or other consequences for non-compliance with this obligation given that the Strategy is a policy document and it has no force of law. BiH should analyse whether such (de facto voluntary) approach to CRA is producing the expected results in practice (i.e. results anticipated in the Strategy), and, if not, it should consider introduction of integrity plans or other type of CRA by law or other binding instrument.

4.2.3. BULGARIA

In the period between 2010 and 2013, Bulgaria, in cooperation with its project partner Germany, developed a project model called BORKOR project for the implementation of a tool to develop non-repressive complex intervention systems against corruption and organised crime.⁸⁸ This project was followed by a pilot project for development of an expert corruption solution model “e-Government Public Procurement,” and further by development of an *intervention system*, both carried out in the period between 2012 and 2014. The results of the pilot project were:⁸⁹

- ▶ identification of more than 3000 risks and vulnerabilities (among which more than 600 were discovered within the first and second level legislation and more than 2500 discovered by case and procedure analysis);
- ▶ on the basis of the identified risks, changes of legislative procedure were made by implementing quality standards, amendment to the public procurement legislation, central purchasing bodies were introduced and the projects such as eMonitoring and eAudit were implemented.

The pilot project is being upgraded into a corruption risk assessment methodology based on BORKOR project. The BORKOR project is governed by the BORKOR principle which stands for the first (worldwide) standard for the development of measurable and efficient intervention systems against fraud and corruption. It provides tools for solving system-related problems. Components of the BORKOR principle are:⁹⁰

⁸⁸ Information on Bulgarian system is obtained in between from the ‘General presentation’ Bulgaria held at the regional workshop in Becici, September 2014 (presentation is available on <http://www.rai-see.org/news/rai-news/5106-regional-workshop-for-validation-of-the-qmethodology-on-anti-corruption-assessment-corruption-proofing-of-legislationq-and-qmethodology-on-corruption-risk-assessmentq.html>)

⁸⁹ See http://ec.europa.eu/regional_policy/conferences/anti_corruption/doc/wga3_schlotterer.pdf.

⁹⁰ See http://showcase-borkor.init-ag.de/index_en.html.

- ▶ V-Modell XT which is the standard developed by the German Federal Government for project management of complex projects and specially customized for the working procedures of the CPCCOC;
- ▶ the BORKOR system which includes target-oriented hardware and software systems and
- ▶ the BORKOR expert knowledge concept which includes the know-how, analysis methods and related techniques, the corruption formula, quality standards, partnership model and strategic public relations.

For the purpose of analysing the existing data, different types of software were designed, namely BoReg, which provides analysis of data, statistics and catalogues, and BoA which supports analysis activities, provides templates and analysis applications. This allows knowledge and know-how of NGOs, law enforcement and compliance structures to be brought into focus and helps connecting prevention, law enforcement and compliance.⁹¹

Intervention systems

The intervention systems are coherent, coordinated measures against fraud and corruption, which have an immediate impact if applied as a systemic unity. Measures vary from legal, organisational, technical and personnel measures. In order to achieve the goals and to secure the required quality of the results, the standard V-Modell XT adapted to the Bulgarian situation is used.

In order to achieve the projects’ goals, the partner collaboration concept has to be implemented, which means that partners with shared ethical values cooperate with the Centre for Preventing and Counteracting Corruption and Organized Crime (CPCCOC) in order to successfully implement the projects. This also includes civil society, science, business and the media which are regarded as partners in the BORKOR strategy against corruption and they take part in the development

⁹¹ See http://ec.europa.eu/regional_policy/conferences/anti_corruption/doc/wga3_schlotterer.pdf.

of intervention systems. The partnership is based on written agreements and the recognition of a shared code of ethics.⁹²

The CPCCOC's role

The Bulgarian Centre for Preventing and Counteracting Corruption and Organized Crime (CPCCOC) is an autonomous administrative governmental institution within the Council of Ministers. It is responsible for training and methodological work related to the projects, coordination of projects as well as a detailed analysis and production of measures for tackling corruption risk areas. The CPCCOC was founded in 2010 in order to implement the BORKOR concept. In 2011, it was registered as an entity, after securing the organisational, financial and legal basic conditions.⁹³ It is responsible, in partnership with a German company which supports the system's technical development and the project's coordination, for implementing the BORKOR principle.

The CPCCOC identifies and describes vulnerabilities to corruption (potential gateways through which corruption penetrates society) using forensic analysis (involving about 50 methods and techniques for analysis), and develops measures (qualitative, measurable and mutually consistent) for their control and eradication. Based on these analyses, systematic solutions are offered for the prevention of corruption - packages of coherent measures, which are specific for the country. Further, CPCCOC collects and registers information from all domains sensitive to corruption, evaluates the data and elaborates weak points of corruption and organised crime using complex analyses. It carries out planning and organised implementation of intervention systems promoting the application of measures and evaluating their effects. The CPCCOC also supports state authorities and institutions by consulting, analysing and coordinating a wide range of counter-corruption measures.

Bulgarian BORKOR project is an example of specific approach to corruption risk assessment on systemic level, using big data and sophisticated software tools for data analysis and identification of risks. Such approach can empirically reveal state capture and other forms of systemic corruption that cannot be addressed from the viewpoint of micro-level CRA such as integrity plan. In addition, software tools can, to some extent, exclude the risk of human factor and non- or partially objective self-assessment. However, on the other hand, a software or systemic tools cannot address individual risks or risks arising from specific working process etc., so it is advisable for Bulgaria to consider the combination of the existing model with adequate individual (i.e. institution- or project-tailored) corruption risk assessment approach.

4.2.4. CROATIA

Corruption risk assessment in Croatia is based on the Anti-Corruption Strategy of 2008⁹⁴ that promotes principles of self-assessment and obliges public authorities of Croatia to consistently and regularly assess the risk of corruption and to take appropriate measures. Based on this strategy, the Croatian public sector entities have their action plans in force in which they anticipate measures to strengthen integrity, accountability and transparency in their work. Implementation of these action plans is supervised by the Committee for Monitoring the Implementation of Anti-Corruption Measures consisted of high-ranking representatives of the state, including the Minister of Justice.

New Anti-corruption Strategy for the period 2015 - 2020⁹⁵ has been drafted and it is currently in the public consultation process (a phase before its adoption). As it is explicitly stated on page 3 of the draft strategy, it is focused on the prevention of corruption based on corruption risk identification and suppression of other legal and institutional shortcomings. At the same time, the draft strategy is promoting integrity and transparency in the work of public sector institutions and authorities and puts special accent on accountability and responsibility of high-ranking public officials. As regards identification and mitigation of corruption risks, the draft strategy provides for a sectoral approach where focused preventive measures will be undertaken to prevent different sector-specific types of corruption.

⁹² See http://showcase-borkor.init-ag.de/index_en.html.

⁹³ See <http://borkor.government.bg/en/page/11>.

⁹⁴ Relevant documents should be available on: http://www.anticorruption-croatia.org/component/docman/cat_view/58-strategy?start=5.

⁹⁵ Draft strategy (in Croatian language) is available on: https://pravosudje.gov.hr/UserDocsImages/Arhiva/Root%20Folder/Antikorupcija%20-%20Novo/Nacrt%20Strategije%20suzbijanja%20korupcije%202015_2020.docx.

Croatia is encouraged to make its corruption risk assessment model(s) more transparent given that very little information is available on how those instruments work in practice. Croatia is further encouraged to consider possible combination of sectoral CRA anticipated in the draft Anti-Corruption Strategy for the period 2015 - 2020 with institutional CRA approach tailored to the specific features of individual public sector institution.

4.2.5. THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

In The Former Yugoslav Republic of Macedonia, State Programme for Prevention and Repression of Corruption and State Programme for Prevention and Reduction of Conflict of Interests with Action Plans for the period 2011 - 2015⁹⁶ recognized the necessity of more efficient and systematized measures for prevention of corruption on the level of public administration institutions. As a response, the proposed draft amendments and addenda to the Law on Prevention of Corruption contain provisions organized in a new chapter - Integrity System, where the integrity system is defined as a sum of all policies, standards and procedures that are established in the institutions which also include corruption risk assessment and strategy for risk elimination. Directions for the establishment of this system in compliance with this law will be adopted and provided by the State Commission for Prevention of Corruption (according to the available data, draft amendments to this law were prepared at the end of 2013, but have not been adopted yet). With a system of measures in place for prevention of corruption based on vulnerability assessment and risks for corruption occurrence, the corruption prevention in the public administration institutions is expected to be far more effective. As planned, the corruption risk assessment should be mandatory for all public administration institutions and concrete measures should be envisaged for corruption prevention in each of the identified hot spots.⁹⁷

In the meantime, the State Commission for Prevention of Corruption, in cooperation with UNDP, has undertaken the activities to implement the project 'Support to Strengthening the National and Local Integrity Systems in The Former Yugoslav Republic of Macedonia' within which, inter alia, municipalities adopt the anti-corruption/in-

tegrity policies as a first step of the introduction to the concept of integrity.

However, corruption risk assessment is not a stranger to the system of The Former Yugoslav Republic of Macedonia given that it is a part of the risk assessment that is carried out in accordance with the Law on Public Internal Financial Control whereby the entities of central and local governments are obliged to adopt the strategies for risk determination. This law regulates the public internal financial control system that covers the financial management and control, internal audit and their harmonisation, established in compliance with the international standards for internal control and internal audit and the conditions and manner of conducting the examination for certified internal auditor in the public sector. Financial management and control, pursuant to this law, is applicable to the budget users including legislative, executive and judicial authorities (central government), funds, the municipalities and the City of Skopje (local government). According to the law, the head of the entity is responsible for risk management. The strategic and annual plans for internal audit are adopted by the head of the internal audit unit after prior approval from the head of the public sector entity based on the conducted risk assessment. However, the institutions obliged to conduct the risk assessment in accordance with the Law on Public Internal Financial Control are currently not equally advanced in the process of implementation of the obligation. Law enforcement authorities make special efforts to promote risk assessment (including assessment of corruptibility factors by different methodologies) considering their risk susceptibility, but the Customs Administration of The Former Yugoslav Republic of Macedonia provides the best practice in this field.

In addition, the Law on Introduction of the Quality Management System and the Common Assessment Framework for performance assessment and provision of services in the state service, adopted in 2013, prescribes compulsory introduction of at least the basic standard ISO 9001 in the institutions of state and local government as well as in all other institutions established by the Constitution

⁹⁶ Available on: <http://www.dksk.org.mk/en/images/stories/PDF/sp-11-15.pdf>.

⁹⁷ See <http://www.dksk.org.mk/en/images/stories/PDF/sp-11-15.pdf>, p. 68.

of The Former Yugoslav Republic of Macedonia. This law also prescribes the Common Assessment Framework (CAF) to be implemented through involvement of employees and self-assessment conducted in accordance with the guidelines prepared by the Ministry of Information Society and Administration.

As an example, in the Customs Administration of The Former Yugoslav Republic of Macedonia, the identification, analysis and assessment of risks is a continuous process within the internal control system by which the organisational elements that are

susceptible to risks are identified to be specifically subjected to internal control procedures. All employees of the Customs Administration are actively involved in the process of risk identification and assessment and they have specific obligation to report corruption risks and noncompliance with laws and regulations in the course of duties. Identification, assessment and monitoring of corruption risks are performed continuously by re-assessment of internal and external factors. The basic risks that are regularly assessed within the Customs Administration are regulatory, reputational, financial and operational risk.

The Former Yugoslav Republic of Macedonia has recognized the corruption risk assessment as one of the instruments that is expected to improve corruption prevention in the public sector institutions. It also plans to introduce the concept of the integrity system through the amendments to the Law on Prevention of Corruption. The Former Yugoslav Republic of Macedonia is encouraged to adopt the adequate legal basis for a nation-wide concept of integrity with the corruption risk assessment, taking into account the existing legal and institutional framework already in place (particularly the Law on Public Internal Financial Control). Within its practical implementation, good practices in (corruption) risk assessment already developed in certain public sector institutions should be also considered.

4.2.6. KOSOVO*

In Kosovo,* there is a CRA methodology developed as part of the Anti-Corruption Strategy 2013 - 2017 endorsed by the Parliament of Kosovo* and drafted by the Anti-Corruption Agency (KAA). The methodology is general and designed to be applied for institutions or sectoral assessments as an external assessment tool. Corruption risk assessment was conducted for the first time in Kosovo* in November 2012. The assessments were prepared for the key sectors in Kosovo* (tax administration, health and education sectors, local government, law enforcement and judiciary, urban planning and environment). Assessment procedures were carried out by KAA,⁹⁸ but the final assessment documents were adopted by the respective institutions. The goal of corruption risk assessments was to identify the organizational factors (internal and external) that may favour corrupt behaviour within specific public policies and to formulate recommendations for the elimination or reduction of negative effects. In addition, UNDP Kosovo^{99*} developed some sectoral CRAs in Kosovo* during 2014: one in education, one in health and the third one is currently being drafted for energy & environment. The CRA methodology used for education is the one developed by the UN Global Compact.¹⁰⁰ CRA in educa-

tion was conducted jointly with UNESCO IIEP and based on WHO's Health Systems Building Block Framework. The one on energy & environment, again, is based on the UN Global Compact methodology. CRAs are conducted jointly with the staff of the Anti-Corruption Agency to strengthen their capacities and to ensure the know-how from the foreign experts to the KAA staff.

Based on the Action Plan for the Reform of Public Administration, certain activities were carried out to strengthen the capacities for integrity planning and risk assessment, within a project supported by the UNDP Kosovo*. The development of integrity plans for the municipalities began in 2014. Two municipalities have developed and endorsed their integrity plans so far and the third municipality is working on it. The UNDP Kosovo* has chosen to work with the biggest municipalities in terms of administration and population as well as the ones that have proven to be more open/transparent and willing to adopt internal changes to fight corruption. Integrity plans are conducted jointly with the KAA staff and municipal leadership (the working groups are chaired by the mayors).¹⁰¹

Kosovo* has also been subject to corruption and anti-money laundering risk assessments in the

⁹⁸ See more on <http://www.akk-ks.org/?cid=2,1>.

⁹⁹ <http://www.ks.undp.org/content/kosovo/en/home.html>.

¹⁰⁰ Available on https://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/RiskAssessmentGuide.pdf.

¹⁰¹ Integrity plan of Municipality of Pristina is available on: http://www.ks.undp.org/content/kosovo/en/home/library/democratic_governance/undp-saek-integrity-plan-for-municipality-of-prishtina/.

scope of the Project against Economic Crime (PECK-Kosovo*), implemented by the Council of Europe and funded by the European Union and the Council of Europe. PECK is assisting the Kosovo* authorities in their efforts to improve the compliance of anti-corruption and anti-money laundering

legal framework with the European and international standards. Recent estimate within the project suggests that the corruption remains a serious challenge for Kosovo.*^{103s}

In Kosovo,* some examples of corruption risk assessment (including integrity plans) can be found; however, it seems there is quite a gap between the plans and the actual situation in the implementation of corruption risk assessment as a regular preventive tool in the public sector system. In this regard, Kosovo2* is encouraged to take more determined and efficient steps in that direction and to use experiences from different types of corruption risk assessments carried out by UNDP Kosovo* as a base for the implementation of adequate system of CRA (including integrity plans) in the entire public sector at the state and local level.

4.2.7. MOLDOVA

Corruption risk assessment in the form of integrity plans represents a key component of the risk management mechanism within the public entities in the Republic of Moldova. Its purpose is to increase institutional integrity of the public authorities. In this regard, the Moldovan authorities initiated the institutional corruption risk assessment¹⁰³ in 2009 as one of the measures for corruption prevention to be carried out as prescribed by the Government through Article 7 paragraph (4) of the Law on Prevention and Fight Against Corruption¹⁰⁴. The aim of this measure is to identify organisational factors that favour or can favour corruption and to make recommendations to exclude the effects of such risks.¹⁰⁵

The methodology for corruption risk assessment was introduced by the Government Decision No. 906 of 28 July 2008 on approval of the methodology of corruption risk assessment in public institutions, and all central authorities of the public administration had to carry out the corruption risk assessment of their institutions during 2008-2011 and to report the results. With amendments to the Government Decision, main definitions used in the corruption risk analysis methods were confirmed, the skills

¹⁰² The information is obtained from website http://www.coe.int/t/DGHL/cooperation/economiccrime/corruption/Projects/PECK-Kos/PECK_default_en.asp, where also relevant reports are available.

¹⁰³ See National Report on the Progress and Prospects in Repressing Corruption from 2012, available on: http://cna.md/sites/default/files/raport_national_2012_eng.pdf.

¹⁰⁴ Law no. 90-XVI on Prevention and Fight Against Corruption, 25 April 2008, available in Romanian on: <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=328131>.

¹⁰⁵ See Popa, L.P.: Prevention and the fight against corruption in Moldova, p. 144 (available on: http://www.unafei.or.jp/english/pdf/RS_No89/No89_PA_Popa.pdf).

of the Centre for Combating Economic Crimes and Corruption (CCECC) (now National Anti-Corruption Centre¹⁰⁶) employees within the activities of evaluation group were set forth and the CCECC was vested with selection of institution that should carry out the evaluation.¹⁰⁷

Corruption risk assessment process¹⁰⁸

In the preparatory stage, a working group (consisting of the members from the institution itself and a representative of the National Anti-corruption Centre) is set up, trainings on the conceptual and methodological issues are organised, relevant documents are obtained, methods and techniques for identification, description and assessment of corruption risks are chosen and the employees of the institution are informed of the process and its objective.

The methodology paper is very detailed in terms of the skills required for the membership in the working group and the terms of reference of the working group.

¹⁰⁶ See Law No. 120 of 25.05.2012 - article VII (available in Romanian on: <http://lex.justice.md/343359/>).

¹⁰⁷ See Monitoring Anticorruption Policies in Central Public Authorities in 2013, p. 9 (available on: <http://www.transparency.md/en/whatwedo/publications/144-monitoring-anticorruption-policies-in-central-public-authorities-in-2013>).

¹⁰⁸ Information obtained from the presentation of the Moldovan representative at the regional workshop in Becici, September 2014 titled 'Corruption Risk Assessment' (presentation is available on <http://www.rai-see.org/news/rai-news/5106-regional-workshop-for-validation-of-the-qmethodology-on-anti-corruption-assessment-corruption-proofing-of-legislationq-and-qmethodology-on-corruption-risk-assessmentq.html>) and from the website: <http://andreivocila.wordpress.com/2010/08/02/metodologia-de-identificare-a-riscurilor-si-a-vulnerabilitatilor-la-coruptie-in-cadrul-structurilor-ministerului-administratiei-si-internelor/>.

In the initial phase, the preconditions are evaluated, including the legal framework, organisational structure and ethical rules. When focusing on evaluation of the legal framework, the vulnerable activities are identified, both within the organisation (management of information, of financial resources and goods and services) as well as those that are external (contracting, rights granting, collecting payments, etc.). With regard to the evaluation of the organisational structure, organisational chart, job descriptions and work processes are analysed.

In the second phase, the assessment itself is made by conducting a research in order to identify risks, followed by analysis of the risks. When conducting the research, information needed to identify risks is gathered on the basis of conducting a survey and analysis of specific cases of corruption, interviews with the institution's management to obtain information on their views on corruption risks, whether they are identified and how, and whether they are managed properly. Such interviews are also carried out in the internal audit and other control structures. After the risks are identified and analysed, they are prioritized.

Assessment of the risks is made through their valuation depending on the impact a particular risk may have (low, medium and high) and probability of its occurrence (rare, possible, precise). The existence of any control measures and their adequacy are also taken into account. The risks are classified into three groups: high, medium and low. This allows ranking of the risks according to the priority of intervention. High risks require mitigation, medium risks either monitoring or mitigation and minor risks toleration.

In the third phase, the risk control measures have to be designed in order to eliminate, mitigate or monitor the likelihood of risk materialization, the impact the risk may have or both. Recommendations on how to manage corruption risks are being developed (risk assessment report) and implemented (integrity plan).

All stages of risk management process (identification of risks, their description, evaluation and control measures) are registered in the corruption risk register. The register has to be easily accessible to the management and supervisory bodies or other authorities, who may legally access the data and information therein.

At a later stage, corruption risks are being reassessed in order to reflect the actual situation.

The role of the National Anti-Corruption Centre

The role of the National Anti-Corruption Centre is to ensure the conduct of the corruption risk assessment within the public authorities and institutions through training and consultation, monitoring and analysis of the data on the corruption risk assessment and to coordinate the development and implementation of the integrity plans.¹⁰⁹ The National Anti-Corruption Centre trains the management personnel and provides support at the meetings of evaluation groups. On the other hand, it monitors risk assessment activity of an institution, provides recommendations and coordinated development and execution of an integrity plan within a certain institution.¹¹⁰

Monitoring the applicability of the methodology

In order to verify whether the methodology is applicable, a monitoring process is carried out through questions to the public entities. The questions focus on whether the provisions of the law are explicit, applicable or whether the legislation requires improvement.

Lessons learned on developing and implementing corruption risk assessment¹¹¹

The officials involved in these activities were partially trained concerning corruption risk assessment. They lacked the practical experience and the theoretical knowledge when it came to the National Anti-Corruption Centre experts. Furthermore, the superficial attitude of the persons from the public authorities responsible for the activity was noted, which determined stagnation in its effective implementation.

The activity of the institutional corruption risk assessment was recognised as an important tool to prevent this scourge; however, the conducted activity had not yielded expected result. The development of the integrity plans by the authorities without supervision and the lack of the logical end of their implementation had led, in some cases, to the inclusion of some misleading data. As a consequence, the corruption risk self-assessment would

¹⁰⁹ See National Report on the Progress and Prospects in Repressing Corruption (2012), p. 20 (available on: http://cna.md/sites/default/files/raport_national_2012_eng.pdf).

¹¹⁰ See website <http://www.anticorruption-moldova.org/anti-corruption-bodies>.

¹¹¹ See National Report on the Progress and Prospects in Repressing Corruption (2012), p. 20 (available on: http://cna.md/sites/default/files/raport_national_2012_eng.pdf).

not have continuity, but would turn into reporting at a given moment in time, being carried out in a superficial way.

As mentioned above, due to the identified deficiencies, the Moldovan authorities expanded the jurisdiction of the National Anti-Corruption Centre¹¹³ to

include monitoring and analysis of data obtained in the corruption risk assessment and coordination of the development and implementation of the integrity plans. The amendment should provide for elimination of the encountered deficiencies in order to obtain qualitative results during the assessment and afterwards.

Moldova developed rather advanced model and methodology for integrity plans. Once the practical experiences revealed that self-assessment without proper monitoring or even supervision created a risk for CRA to become a superficial activity, the issue was properly addressed by strengthening the role of the National Anti-Corruption Centre. Given the serious and dedicated approach to CRA, Moldova is well on the road to make full benefit of integrity plan model and to set standards of best practice in this field. In this regard, Moldova is encouraged to continue identifying eventual shortcomings and to make improvements of the existing model.

4.2.8. MONTENEGRO

In Montenegro, integrity plans have been introduced as the main corruption risk assessment tool¹¹³. As regards the legal basis for the introduction of the integrity plans, Article 68 of the amended Law on Civil Servants and State Employees from July 2011 provides for the obligation of the Montenegrin public administration to adopt an integrity plan, the obligation of the administration authority in charge of the anti-corruption activities to prepare guidelines and the obligation of the entities to determine a civil servant responsible for preparing and implementing the integrity plan. Accordingly, the Directorate for Anti-Corruption Initiative of the Ministry of Justice adopted the Guidelines for the preparation of integrity plans.

The Directorate for the Anti-Corruption Initiative (DACI) is a supervisory body for development, adoption and implementation of integrity plans. Its role is consultative and educational as it provides:

- ▶ guidance regarding adoption of guidelines for developing integrity plans;
- ▶ consulting and assistance in preparation of integrity plans; and
- ▶ training and teaching the responsible persons on the creation and implementation of integrity plans.

¹¹² This was done at the end of 2012, with amendments to the Law No. 1104/2002 - see the National Report as cited under previous footnote, p. 20.

¹¹³ Information for this subchapter has been obtained from the website of Directorate for Anti-Corruption Initiative of Montenegro, <http://antikorupcija.me/en>, where also more data on the Montenegrin system of integrity plans is available.

Integrity plan is seen as an internal and anti-corruption preventive measure as well as an institution's internal anti-corruption document which contains a set of measures of legal and practical nature. It is aimed at preventing and eliminating the possibility of occurrence and development of different forms of corrupt behaviour within the authority as a whole, certain departments and individual positions. It comes as a result of self-assessment of the exposure of an authority to the risks of occurrence and development of corruption, illegal lobbying, conflict of interest and ethically and professionally unacceptable behaviour.

Integrity plans are adaptable to the specificities of different institutions and thus increase effectiveness in achieving the objectives of the anti-corruption policy. The integrity plan does not determine whether there is corruption but rather focuses on specific practices within certain institutions that might compromise the capacity of that institution to perform its function in an impartial and responsible manner. Objectives of the adoption of the integrity plan are therefore establishment and improvement of the integrity of the institution (individual integrity, professionalism, ethics, institutional integrity and compliance, as well as how to act in accordance with moral values). Purpose of the integrity plan is raising awareness of the institution itself on:

- ▶ weaknesses of the organization's work processes;
- ▶ the necessity to eliminate them;
- ▶ means for their elimination.

Furthermore, capacity of the organisation is improved to protect itself from possible impact of corruption on the performance of its primary and secondary activities.

To start development process, an integrity officer and a working group for the preparation of integrity plan are appointed. Members have to have knowledge and skills as well as enjoy reputation and trust among the employees. Integrity plan development process includes several phases:

Phase 1: Obtaining initial information

Overview and analysis of legal framework

All legal documents forming the legal framework of the institution have to be listed: acts, regulations, decrees, decisions, internal acts, strategies and action plans, etc.

Overview of institution's organizational structure

This overview includes initial overview of the institution's structure (systematization of work places), of short-term and long-term development strategy, of yearly work plans and of its financial documents.

Overview and analysis of human resources

Includes overview of the staff's qualifications, overview of the staff's practical knowledge, analysis of the employees' behaviour in stress situations, relationships with other colleagues (behavioural factors) and analysis of management of human resources.

Phase 2: Assessment of existing risks and establishing systemic risk factors

Methods used are questionnaires, surveys, workshops/focus groups. In the implementation analysis, the focus is on the work of the institution, decisions annulled by a number of instances, judicial decisions, internal and external audit reports, reports on inter-institutional cooperation, etc.

Initial risk factors are being divided into three groups: regulatory, organisational and staff-related.

Normative / regulatory:

- ◆ Inadequate and uncoordinated laws/ by laws relating to the operation and fulfilment of institution's competences.
- ◆ Lack of work procedures and treatment in certain work processes (lack of guidelines, rules, instructions).
- ◆ Inefficient administrative supervision over the implementation of legislation, other measures and conclusions.
- ◆ Variations in the implementation of development strategies institutions, other measures, established programs and work plans.
- ◆ The lack of clear regulations for the use of discretion, lack of control or limitation of discretion of managers.
- ◆ The regulations do not provide for sanctions for violators or those who do not implement it fully, or regulations are not being implemented (gifts, services, sponsorships, lobbying).
- ◆ Weak inter-institutional relations and cooperation.

Organisational:

- ◆ Inadequate and inefficient organizational structure of the institution.
- ◆ Officials are kept too long working in specific field(no rotation system applied).
- ◆ Lack of or insufficient unannounced internal control carried out by the senior staff.
- ◆ Lack of budget, and adequate as well as transparent rewarding of employees based on work performance.

Related to employees:

- ◆ Inexistent strategy of human resource management, and inexistent short-term and long-term projections of the staff needed in order to provide needed training and conditions to keep them in the institution.
- ◆ Inadequate and incomplete training of officials and managers on issues related to ethics and integrity/respect of a code of ethics.
- ◆ The lack of adequate risk analysis of work places and work processes regarding their exposure to corruption and other unacceptable practices.
- ◆ Officials involved in certain processes do not have sufficient knowledge and/or experience; do not show enough professionalism in the implementation process; are not motivated enough; have a low level of integrity; lack of staff in order to carry out processes in a quality manner.
- ◆ The quality and outcome of institutional work in particularly sensitive areas are not checked and/or evaluated; there are no objective criteria for assessing performance and/or are not sufficiently developed; no control mechanisms of performance/or are not applied.
- ◆ No monitoring of income, assets and lifestyle of officials working in areas particularly exposed to risks.
- ◆ No monitoring of potential conflicts of interest situations regarding employees in relation to the nature of their work.

Every institution has to include in its integrity plan at least two out of four mandatory risks areas:

- ▶ governance and management of institution and the effective application of regulations related to the institution's competences;
- ▶ human resources policy, ethical and professional conduct of the employees;
- ▶ planning and management of finances;
- ▶ storage and security of data and documentation.

Phase 3: Planning measures to raise integrity level

Proposed measures of a legal and practical nature (may be related to norms, organization or employees) which prevent, reduce and ultimately eliminate the risks of occurrence and development of negative phenomena are inserted in the integrity plan.

Employees are presented with the established risk factors compromising integrity and proposed measures to improve the integrity. Comments on proposed measures are being collected (optional).

Special attention must be given to:

- ▶ other existing systems for internal controls, auditing and other systemic tools which have been already introduced in the institution in order to secure harmonisation ⇒ integrity plan has to be prepared in such a way to allow integration with those tools and does not impose additional administrative burden and costs.
- ▶ national anti-corruption policy, strategies and action plans in order to secure the integration among them and allows inter-institutional cooperation ⇒ to achieve a unique system of national integrity and

- ▶ the need to synchronize the national system of integrity and integrity plan of an institution with international standards at the EU level (relevant for the EU accession process).

An integral part of the integrity plan form is a **risk register**, which is used for entering data on the most significant risks, broken down into certain areas of risk, scope of risk and work processes.

The above corruption risk assessment phases were done through analysis of available reports and structured consultations with relevant stakeholders as well as integration of the data into a single risk assessment document with recommendations. Methods used were questionnaires, surveys, focus groups, analysis, etc.

In Montenegro's experience, the benefits of the integrity plan are as follows:

- ▶ identified weaknesses in the work processes of an institution;
- ▶ established mechanisms and measures for their elimination;
- ▶ increased capacity of the institution to protect itself from possible corruption impact;
- ▶ personal and professional integrity and ethical values of the head of an institution and the employees;
- ▶ efficient management of the institution;
- ▶ achieved mission and objectives in a clear and straightforward manner;
- ▶ increased accountability and competency of the employees.

Additionally, in 2011, corruption risk assessment was envisaged to be carried out for special risk areas/sector (privatisation process, public procurement, urban planning, local governance, education and health) as identified by the Strategy for the Fight against Corruption and Organised Crime (2010-2014). The objective was to develop corruption risk assessment methodology, to use findings and recommendations for the improvement of strategic documents and, if successful, to apply it to other areas.¹¹⁵ In order to prepare strategic documents, corruption risk assessment was carried out using the following steps:

- ▶ at the initial stage, preconditions for risks to occur were assessed, taking into account external factors such as legal, institutional, strategic framework, human resource policy, etc;
- ▶ then the risk phenomena were assessed, focusing on internal factors such as institutional culture, transparency, good governance, accountability, etc.;
- ▶ on the basis of findings from both activities, recommendations for elimination or mitigation of risks were prepared, followed by strategic goals and measures being formulated (national and sector strategies, APs, indicators);
- ▶ at the end of every strategic cycle, performance evaluation of strategic goals and measures was made and the risks were re-assessed;
- ▶ based on that, a new strategic cycle was carried out.

Montenegro is in the phase of implementation of the system of integrity plans into the practice of Montenegrin public sector institutions. Integrity plans are well developed in theory (and very transparent); however, Montenegro is advised to monitor closely the practical implementation of this CRA model and to make further improvements based on the identified issues.

4.2.9. ROMANIA

The Anti-corruption General Directorate (AGD) within the Ministry of Internal Affairs of Romania (MIA), as an institution responsible for preventing and combating internal corruption, developed a specific Methodology for corruption risks management¹¹⁵ with the aim of improving the analysis capacity and the response to the corruption risks in the MIA structures activity.

The methodology was based on the fact that the presence of corruption could not be attributed only to certain situations or individual cases, without analysing the entire professional and institu-

tional context that caused or created a favourable environment for achieving personal gain by violating legal duties and rules. The methodology introduced new instruments to identify all activities that presented the interest sources for third parties and to evaluate a set of benchmarks aimed at specific organizational culture, the organizational method of the public service and the presence of more or less clear procedures including the consistency/formalism of presenting certain control measures.

Adopted in 2010 and revised in 2013, the methodology regarding the management of corruption risks within the MIA structures involved a systematic effort coordinated by the AGD in order to estimate the vulnerability of defence against corruption (incorporated in the structure, procedures, rules and regulations of the institution) and to identify, assess and rank the corruption risks specific to the area of activity, all with the aim of developing and implementing specific prevention/control measures, i.e. monitoring their effects on the possibility to materialize the corruption risks and also on their impact.

The specific activities in implementing the methodology at the MIA level began in 2010, leading to a variety of data that have been gathered, assessed and standardized, so that a thorough and pragmatic analysis could be performed regarding the corruption risks within each ministry institu-

¹¹⁴ The information is obtained from the presentation 'Corruption Risk Assessment - Lessons Learnt: Montenegro' held at the Regional Workshop in Becici on 10 September 2014 (presentation is available on <http://www.rai-see.org/news/rai-news/5106-regional-workshop-for-validation-of-the-qmethodology-on-anti-corruption-assessment-corruption-proofing-of-legislationq-and-qmethodology-on-corruption-risk-assessmentq.html>).

¹¹⁵ The information on the methodology presented in this chapter is obtained from the presentation provided at the workshop in Becici on 10 September 2014 titled 'Corruption Risk Analysis within Romanian Ministry of Internal Affairs' (presentation is available on <http://www.rai-see.org/news/rai-news/5106-regional-workshop-for-validation-of-the-qmethodology-on-anti-corruption-assessment-corruption-proofing-of-legislationq-and-qmethodology-on-corruption-risk-assessmentq.html>) and from the written contribution of Romania for the purpose of this document (e-mail of Mr. Mihai Barlici from 17 February 2015).

tion, both in the general areas of activity (human resources, logistics, financial accounting, etc.) and in the specific areas (police, border police, gendarmerie, etc.).

According to the methodology, corruption risks management represents all processes aimed at the identification, the description, the assessment and the ranking of institutional and individual factors that favour or determine acts of corruption, the elaboration and the implementation of the necessary measures to prevent their occurrence and to limit their effects. The methodology was, therefore, applied with the purpose of adopting prevention and/or control measures (at the level of all MIA structures) adapted to the causes that determined the possibility for corruption acts to occur. The corruption risks management activities envisage the following objectives:

- a) promoting the integrity, the institutional transparency and a good progress of the specific activities,
- b) setting of the intervention priorities in the corruption prevention domain, and
- c) assuming of responsibility by the leading staff regarding the implementation of corruption risks prevention / control measures.

The administrators of the MIA structures have the obligation to ensure the methodology implementation and to apply prevention / control measures aimed at limiting the exposure of the staff to corruption risks. In order to implement the methodology, the AGD is cooperating at central and local level with the MIA departments. At the level of MIA structures, the AGD ensures monitoring, coordination and assessment of the methodology implementation stage and of the corruption prevention / control measures, based on the data and information submitted by the MIA structures or on the monitoring and reassessment reports.

In order to implement the activities provided by the corruption risks management, the heads of the MIA structures dispose of the establishment of corruption prevention working groups (Groups) and integrity advisors. The Groups' composition is established according to the organizational dimension and characteristics of the MIA structures, taking into account the following types of functions:

- a) head of the Group, represented by the leader of the structure or by an assistant/deputy assigned by him or her,
- b) members of the Group, represented by the leading staff or by the persons assigned by them, from the main departments, services, offices or alike,
- c) head / representative of the control or staff structures who has control attributions,

- d) head / representative of the human resources management, and
- e) a secretary of the Group, represented by the integrity advisor.

The process is based on continuous improvement, with the possibility of being repeated under the conditions of introducing some modified or additional corruption risks identification and assessment criteria. The stages of the methodology are the following:

1. *identification and description of the risks*: this stage includes highlighting the corruption threats (the potential corruption situations) that may appear within the current activities of the MIA structures, as well as the vulnerabilities / causes that determine them. Several stages were developed in order to identify and describe corruption threats, and the procedures for describing the causes associated to any corruption threat were established;
2. *risks assessment*: the risks are being assessed, taking into account the probability of their materialization, their impact, efficiency of the measures in place for preventing or mitigating the corruption risks and the assessment of risk exposure. An important step is also to classify and rank the risks according to the priority of intervention. Different scales are prepared to assist the members of the Group in this task;
3. *determination (planning) of control measures*: this step involves different risk control strategies resulting in elimination/avoidance of corruption risks, treating them or transferring or accepting them. The strategy undertaken depends on whether the risks can be controlled or not. If the risks can be controlled, different control measures are being used such as reprogramming of the existing activities (i.e. rotation of duties), training of staff, setting up internal control (new bodies or instruments) or developing manager's skills that allow them to respond to the risks and to notify the responsible bodies;
4. *monitoring and periodic re-assessment*: this step involves i) monitoring and revision of corruption risks performed by the MIA structures on an annual basis, respectively by the AGD, with the purpose of ensuring the efficiency of the corruption risks management process and formulating prevention/control measures recommendations, ii) re-assessment of corruption risks (when the recurrence of some corruption manifestation forms is observed at the level of MIA structures, the AGD can perform re-assessment mission with the purpose of identifying eventual malfunctions regarding the management of corruption risks and of formulation of

some prevention/control measures recommendations in the assessed field of activity) and iii) reaction to integrity incidents (in order to improve the activity of the corruption risk management, the measures adopted to prevent the occurrence of corruption acts are assessed at the level of MIA structures. On the basis of the information transmitted by the MIA structures, the AGD plans and makes assessment visits aimed at identifying the individual or organizational factors that favoured the occurrence of the integrity incidents and examining the modality in which the management of corruption risks was performed within the MIA structures; conclusions and recommendations related to the prevention/control measures in the assessed activity field are presented).

Although presented as independent activities, the stages are, in practice, in a close interaction, implying the activities and concepts that contain the entire corruption risks management process. In each stage of the process, but also during the entire period of its progress, adequate communication and access mechanisms must exist and function, both within the institution and between the institution and the external environment.

All steps are being registered and presented in a Corruption Risk Registry. Based on the Methodology of corruption risks management, the AGD developed an IT application, within the project HOME/ISEC/AG/FINEC/4000002185 - *Improving MIA ca-*

capacity to identify and diminish corruption risks and vulnerabilities through IT solutions, that allowed the implementation of all the products resulting from the application of the methodology at the MIA level in the information system.

The MIA AGD approach was evaluated by the European Commission within the Cooperation and Verification Mechanism, and by the independent auditors who performed the evaluation of the national anticorruption strategies implemented at the national level during 2005-2010. The audit report considered the methodology as a good practice in the field of the corruption prevention and it proposed its testing and implementation at the level of other public institution.

Consequently, the AGD initiated, in collaboration with the technical Secretary of SNA, implementation of the methodology in other four public institutions: the Ministry of Health, the Ministry of National Education, the Ministry of Justice - The National Administration of Prisons, and the Ministry of Finance - The National Agency for Fiscal Administration. At the same time, the AGD consulted the specialists of the mentioned institutions in order to plan the training activities and to establish the type of regulation and the content for the implementation of the methodology provided by the AGD.

Romania is encouraged to continue with the project of adapting the corruption risk assessment methodology developed by the Ministry of Internal Affairs for the use in other ministries and public sector institutions and to develop additional mechanisms for corruption risk assessment that would also address the integrity issues (integrity risk assessment).

4.2.10. SERBIA

Serbia adopted the integrity plan as a major corruption risk assessment tool.¹¹⁶ It is understood as a preventive anti-corruption measure. It is a document created as the result of a self-appraisal of the risks the institution may be exposed to in relation to the incidence and development of corruption and the risks of unethical and professionally unacceptable behaviour. It constitutes a group

of legal and practical measures planned and undertaken in order to eliminate corruption and to prevent opportunities for it within an organization (work or activity) as a whole, individual organizational units/parts and work places.

Objectives of the integrity plans are as follows:

- ▶ reinforce the integrity of an institution, including individual honesty, professionalism, ethical behaviour, institutional entirety as well as acting in accordance with moral values. Strengthening of the institution's integrity will mitigate the risk of official powers being exercised contrary to the objectives of the institution, thus contributing to the improvements in the insti-

¹¹⁶ Information for this subchapter is based on the website of the Agency for Fight against Corruption of the Republic of Serbia, <http://www.acas.rs>, where more data on the Serbian system of integrity plans is available.

tution's quality of operation and, consequently, enhancing public trust in their work, raise the awareness of officials and employees about the damage caused by corruption, with the idea of achieving 'zero tolerance for corruption'.

However, it is not the purpose of the integrity plan to resolve individual cases of corruption, but rather to establish the mechanisms that will preclude and eliminate the circumstances that give rise to corruption practices, unethical and unprofessional behaviour in all the operational areas of the institution.

The obligation to prepare and implement the integrity plan is set by the Anti-Corruption Agency Act (Articles 1, 5 and 58 through 61). The Anti-Corruption Act also defines the entities obliged to prepare and implement integrity plans, the content of integrity plans and the role of the Anti-Corruption Agency. The integrity plans of all legally obliged entities should have been adopted by December 2012. The entities obliged to develop and adopt integrity plans are the following:

- ▶ governmental bodies and organizations,
- ▶ authorities of the territorial autonomy and local self-government authorities,
- ▶ public services, and
- ▶ public enterprises.

Integrity plans are developed on the basis of the Guidelines for the Development and Implementation of the Integrity Plans (hereinafter: Guidelines) which were developed by the Anti-Corruption Agency in October 2010. The Guidelines define the following: the structure of the integrity plan, method of its development per phase, implementation of various tasks, timelines for the development, method of monitoring and implementation of the integrity plan.

Development of integrity plan went through different phases. In the period from December 2010 to September 2011, *the development of draft integrity plans* was adjusted to various types of institutions, divided into **14 systems** (political system, the judiciary and law enforcement, public administration and local self-government, defence, finance, system of economy and agriculture, social welfare system, healthcare system, education and science, culture and sports, environment and infrastructure, personal data protection, human rights and public interest system and public companies).

Draft integrity plans were developed through two processes: 1) based on the data and information, proposals and suggestions submitted to the Agency by the working groups members, and 2) based on the data analysis as the result of a research survey

for verification and as a supplement to the draft integrity plans.

For the purpose of development process, 14 working groups (one per each system) were set up, including 109 members from various state authorities. The members had to be familiar with the competences and functioning of their institutions. They first assessed the areas and processes most prone to corruption and other irregularities risks. Subsequently, the risks were defined and adequate improvement preventive measures and measures for their elimination identified.

Further, in September and October 2011, a survey was conducted in the institutions which did not participate in the working groups in order to verify the risks identified, the suggested improvement measures with respect to the assessment of their success and feasibility and to identify additional risks and new improvement measures.

As a result, 69 draft integrity plans were developed, applicable to all 14 systems. Each draft integrity plan addresses the areas that are most prone to corruption and other irregularities:

- ▶ common areas (management of the institution, of finance, of public procurement, of human resources, documentation management and security),
- ▶ ethics and personal integrity areas (conflict of interest, acceptance of gifts, effective reaction to the reported cases of corruption, unethical and professionally unacceptable behaviour and protection of whistle-blowers voicing concerns over cases of corruption, unethical and professionally unacceptable behaviour), and
- ▶ specific areas (connected to specific competences of an institution, i.e. system of local self-government- area/competences: construction and town-planning affairs); the specific areas are stipulated in the draft integrity plans only for the institutions for which data had been obtained from the members of the working groups or from the survey carried out.

All 4483 public entities received access (user names and passwords) to a software application for development of the integrity plans developed by the Anti-Corruption Agency¹¹⁷. Based on the draft integrity plans developed in such a manner, each institution carried out its own self-assessment related

¹¹⁷ Information provided in the presentation by Mirjana Obradovic titled 'Implementation of CRA - Lessons learnt in Serbia' at the Regional Workshop in Becici on 10 September 2014 (the presentation is available on <http://www.rai-see.org/news/rai-news/5106-regional-workshop-for-validation-of-the-qmethodology-on-anti-corruption-assessment-corruption-proofing-of-legislationq-and-qmethodology-on-corruption-risk-assessmentq.html>)

to all the mentioned areas and processes with the aim of establishing whether the risks related to the statutes and human resources exist or not, i.e. whether the identified risks occur or might occur and thus jeopardise the integrity of the institution.

Preparation and adoption of the integrity plans within the institutions went through three phases.

In *preparatory phase*, head of an organization appointed a working group (5-7 members) for the development of the integrity plan. The working group had its coordinator. Minutes of each meeting were kept. In the preparatory phase, the employees were informed of the definition, objective, importance and the method of developing the integrity plan (methods used were: all-staff meetings, posting a notification, sending e-mail, sectoral meetings).

The purpose of the *risk assessment phase* (i.e. phase of assessment and appraisal of the current state), that followed was to collect clear, precise and quantified responses to the risks that the given process may be exposed to and to ensure a higher level of validity and reliability of data and information within the normative framework, human resources and processes in practice. Through assessment and evaluation of the working processes and relationships in the institution's fields of work, the risks and improvement measures were identified (both from the draft integrity plan as well as additional areas related to the institution's competences exposed to risk). Assessment and appraisal of the current state of risks done by employees and the appointed working group - statements on functioning and organization of institution were measured by an extended Likert-type scale.

In the final phase, *a plan of measures for integrity improvements* was prepared with the proposal of the measures for improvement of integrity of an institution and/or elimination of the identified risks. Subsequently, the head adopted the developed integrity plan, dissolved the working group and appointed a person responsible for monitoring of the implementation of the planned measures.

The Anti-Corruption Agency is a supervisory body for the development, adoption and implementation of the integrity plans. It monitors and supervises the drafting of the integrity plans in the institutions (the existence of the integrity plan, its quality and the extent to which its improvement measures have been implemented). Furthermore, it measures the achieved results, analyzes them and evaluates the degree of integrity within a system. Public entities are obliged to submit their reports on the implementation of the integrity plan at the request of the Anti-Corruption Agency within 15 days.

LESSONS LEARNED IN DEVELOPMENT AND IMPLEMENTATION OF INTEGRITY PLANS

The Anti-Corruption Agency reported that 2121 public entities had developed their integrity plans (out of 4483) by the end of March 2013. From January to September 2014, the Anti-Corruption Agency visited 41 public entities in order to assess the quality of risk self-assessment and integrity plans.

Most obstacles that hinder the successful development and implementation of the integrity plans are connected to the lack of sanctions for failure to carry out the tasks. In addition, fewer entities were engaged in the process in the sectors where ministries were not actively engaged and invited them to join the process of developing the integrity plans. Regular assistance of the Anti-Corruption Agency to those developing the integrity plans increased the number of entities involved in the process. The quality of self-assessment depended on the support from the head of the entity as well as on knowledge and skills of the employees managing the process. Better integrity plans were developed by those entities that had already introduced ISO standards and other internal control mechanisms. It was also the case with the integrity plans developed by those entities which had received external assistance (from NGOs, international organisations, experts, etc.). The process of self-assessment always entails a risk of not being objective.¹¹⁸

Serbia has already managed to identify some important obstacles and the issues in the integrity plans implementation. The Serbian system of integrity plans is well outlined; however, Serbia is encouraged to properly address the identified issues (including the sanctions for noncompliance with the obligation to implement the quality integrity plan) and to strengthen the capacity of its Anti-Corruption Agency given that it is the crucial institution for the success of the selected corruption risk assessment approach.

118 Ibidem.

5. CORRUPTION RISK ASSESSMENT METHODOLOGY: PART I - POSSIBLE APPROACHES

As explained, there cannot be a ‘one size fits all’ approach to corruption risk assessment for many reasons. The strategies, approaches and tools may be different, but the ultimate goal of any corruption risk assessment, be it systemic, practical, general or individual, should be the same, i.e.:

1. *identification of concrete and factual shortcomings and vulnerabilities that mean or can cause corruption or integrity risk(s) and*
2. *clear and efficient measures to cope, mitigate or - if possible - eliminate identified sources/risks for wrongdoings and unethical behaviour in the institution, process, sector, project.*

THEREFORE, THE CONTENT IN CORRUPTION RISK ASSESSMENT IS MORE IMPORTANT THAN THE FORM.

In this chapter, the question whether CRA should be self-, internal-, external- or mixed assessment is first discussed, and then the three different approaches to corruption risk assessment are presented: integrity plan, sectoral CRA and targeted (*ad hoc*) CRA. They do not substitute each other but rather refer to the similar circumstances and issues in different environments or segments (as a kind of ‘trefoil’). The basic difference among the three is therefore in the perspective:

- ▶ integrity plan is a type of institutional CRA and it is focused on specific processes in certain public sector institution as a whole,
- ▶ sectoral CRA is based more on the systemic characteristics and the position of certain sector, and
- ▶ *ad hoc* CRA targets a particular project, department, working process, policy, etc.
- ▶ Consequently, they can be combined or even merged or immersed one into another on a systemic level. It is a free choice of the country as to which approach(es) or tool(s) to adopt, taking into account specific circumstances of its public sector environment.

However, it has to be emphasised, already on a general level, that it is important for the successful implementation or adoption of any kind of

“ Integrity without knowledge is weak and useless, and knowledge without integrity is dangerous and dreadful. ”

(Samuel Johnson)

corruption risk assessment to determine whether certain preconditions exist. If not, they should be created (or improved if they exist but are not sufficient). Otherwise, it is very likely that corruption risk assessment will not be efficient and will not play its role in anti-corruption and efficient strengthening of the integrity efforts. These preconditions include:¹¹⁹

- ▶ the basic legal framework needed to fight corruption and strengthen integrity (such as effective criminal and civil codes, conflict of interest laws, meritocratic hiring rules, freedom of information laws, asset disclosure rules, codes of conduct, and whistleblower protection),
- ▶ effective law enforcement and prosecution,
- ▶ independent and efficient control, supervision, audit or oversight institutions,
- ▶ accountable and transparent public finance processes, and
- ▶ independent media and active non-governmental advocacy and oversight of public sector operations.

After presentation of different possible approaches, some additional issues regarding corruption

¹¹⁹ See USAID Tools for Assessing Corruption & Integrity in Institutions: a Handbook, p. 17 (available on: http://pdf.usaid.gov/pdf_docs/PNADF529.pdf)

risk assessment are addressed (short and straight). Then, in the next chapter, a general framework methodology that can be adapted to all approaches in question is developed. Every country should encourage its public sector institutions and their experts respectively to be as proactive as possible in terms of corruption risk assessment, and upgrade, extent, adapt or tailor the CRA and framework methodology in a way to consider special characteristics and address particular needs of the individual institution, sector, project or process. Only in this case it is reasonable to expect that any of the presented approaches would actually work in practice.

5.1. SELF- ASSESSMENT VS. EXTERNAL ASSESSMENT

The question whether it is better to use self-assessment or external assessment approach usually refers to institutional CRAs such as integrity plans. However, the same issues and dilemmas can occur in sectoral or targeted CRA approach as well. Self-assessment CRA is conducted internally within the organisation, sector, by project group etc., while an external CRA is conducted by evaluators outside the particular institution, sector, project, etc.

Assessment methodologies, as a rule, don't substantially differ in external and internal (or self-assessment). The goals and phases of assessment are essentially the same; however, the sources on which assessment is based are usually a bit different. Self-assessment approach is based mostly on reviewing and assessing internal documents, sources and evidence, such as policies and procedures, statistical data, feedback from users, evaluation reports, when available, on public official interviews etc. that are logically estimated through 'internal eyes'. External assessment is conducted by outside experts, i.e. from another agency or competent authority, that review specific public sector institution, sector, project or process in terms of corruption risks. External experts can base their assessment on available documentation, information and data provided by subject under assessment, can do on-site visits and even use questionnaires and interviews with public officials. Although there is an element of self-assessment involved in external CRA in a concrete case, major impression will still be based on the look through 'external eyes.'

In relation to external assessment, it has to be emphasized that it does not include an outsourced corruption risk assessment when e.g. public sector institution hires a private company to prepare 'self'-assessment of the institution (in Slovenia, for example, CPC strongly advises against outsourcing the development of an integrity plan of a particular public sector institution to a private sector company offering services of developing integrity plans. It is the CPC's opinion that such practice diminishes the main purpose the legislator pursued by introducing integrity plans, i.e. to force the organisations themselves to become familiar with the vulnerabilities, integrity shortcomings and corruption risks they are facing and to subsequently develop and strengthen integrity of both the employees as well as the institution itself¹²⁰).

¹²⁰ See <https://www.kpk-rs.si/sl/preventiva-in-nacrt-integritete/nacrti-integritete/izdelava-nacrt-integritete>.

Here are some major pros and cons of self- and external assessment:

Assessment type	Pros	Cons
Self-assessment	<ul style="list-style-type: none"> ▶ tailored assessment process based on ‘insider’ knowledge of internal environment and working processes ▶ learning and development process ▶ can help develop confidence of public officials in what they are doing well, ▶ conducted with internal resources 	<ul style="list-style-type: none"> ▶ danger of being merely a check-list or of poor quality ▶ possible absence of sufficient commitment of superior and/or staff, ▶ lack of sufficient knowledge or/and experience for implementation of assessment, ▶ time-consuming
External CRA	<ul style="list-style-type: none"> ▶ potentially broader scope of assessment ▶ expert knowledge and experiences in assessment methodology ▶ independent and objective assessment ▶ less time consuming for the subject under assessment 	<ul style="list-style-type: none"> ▶ less in-depth assessment, ▶ more robust assessment process, ▶ possible concealment of certain internal particularities or vulnerabilities from external evaluators, ▶ superficial or insufficient knowledge of working processes in institution, sector or project under assessment

Pros and cons of self-assessment and external assessment are rather balanced, so it is not possible, in general, to tip the scale in favour of any of it. However, there is also a third (in fact mixed / middle) option: **self-assessment with independent validation or/and supervision**. All basic deficiencies of self-assessment should be mitigated or eliminated when the process and results of self-assessment have to be validated or/and are supervised by an outside authority. In this case, it is reasonable to expect a higher internal resource commitment. On the other side, all positive features of self-assessment are kept. The crucial question is who should be entrusted with such independent validation or/and supervision. The best option is an independent *anti-corruption agency, integrity commission or similar specialized institution*. There are other options, such as a *specialized department of another, sufficiently independent, authority that has competences and experiences in the field of risk assessment, special ministry office for the institutions or projects operating within this ministry, etc.* The next crucial element in such system is to provide the competent validation and/or supervisory authority with sufficient resources in terms of knowledge (enough qualified staff) and budget (it should be sufficient to enable the authority to develop software solutions for even better quality, independent and swift validation and/or supervision of corruption risk self-assessment). During such system review (for the purpose of validation and/or supervi-

sion) done by an outside / independent authority, dissuasive and proportional sanctions should be prescribed not only for non-compliance with the obligation of self-CRA (when it is mandatory), but also for poor performance in the assessment (especially when intentional or repeated).

Self-assessment with independent validation or/and supervision is **recommendable** for those SEE governments that are either considering or will be considering the implementation of a new nationwide corruption risk assessment approach, including the ones that already have self-assessment tool(s) in place, but without the expected or sufficient effects/results due to the fact that it is either treated as a sheer formality by the most of the obliged entities or for other reason. Given that the relationship between the assessing and the assessed institutions has to be clear as well as their obligations and competences, it is recommended that such system be implemented through a law or other act of mandatory nature.

5.2. INTEGRITY PLAN

5.2.1. BASIC CHARACTERISTICS OF INTEGRITY PLAN

Integrity plan is a tool for establishing and verifying the integrity of individual public sector institution, organisation, department, agency, etc. It is a type of institutional CRA and basically self-assessment tool. As presented above in the overview of the existing practices and comparative analysis, several governments in the SEE region have introduced this model of corruption risk assessment in their legal orders and practice. However, it is not yet possible to estimate a long-term effect and efficiency of this tool as it is a rather new approach. Based on the fact that similar problems exist in implementing nation-wide integrity plan models, it is reasonable to expect that, when (or if) these issues are mastered, the model could (and should) become an example of the best practice in this field. For the time being, it can be, however, declared as 'a promising practice'.

The integrity plan should not be seen as a piece of paper or a document, but rather as strategic and developmental as well as operational *process*. This process is basically aimed at 1) assessing the level of vulnerability or exposure of individual public sector institution to corruption risks and other unlawful or unethical behaviour or practice, 2) identifying risk factors for corruption and other unlawful or unethical behaviour or practice in individual working fields of an institution, and 3) defining the measures to reduce, eliminate or control identified risks and risk factors. Integrity plan can also look into the organisational culture and ethics in the public sector institutions, which implies reviewing values, behaviours and specific individual actions to identify a wide range of corruption and integrity risks among public officials. To be long-term effective, an integrity plan should be methodically monitored and regularly updated with regard to the institutional, normative (standard-setting), personnel and procedural changes in the institution. Given that the integrity plan is part of the risk management system and one of the internal control tools, it is advisable to authorize the internal review or control service of an organisation (where it exists) to revise the plan on a regular basis and to prepare opinion and recommendations.

There is no harm even if the integrity plan is subject to independent validation or supervision; it can only increase its quality.

A constant process of identifying risks, planning and implementing the adequate measures should strengthen the anti-corruption and ethical culture not only in a particular public sector institution using this model, but it should consequently strengthen the rule of law and people's confidence in the public sector as a whole.

The final goal should be an integrity plan as a live process and not only (one of many) paper documents.

5.2.2. PREREQUISITES FOR EFFECTIVE INTEGRITY PLAN

Holistic approach to integrity issues in public sector of the country requires certain prerequisites. In addition to legal and institutional prerequisites, it is important to ensure sufficient financial and staff resources and reasonable time that will enable all persons involved in processes and procedures regarding integrity plan to project and do the job professionally.

From among the three CRA approaches presented in this chapter, integrity plan is the one that is most recommendable to be introduced through law, especially if it is meant to be a nation-wide instrument. This could be a special integrity or anti-corruption law, general law regulating public sector institutions and their tasks, a special law regulating certain public sector institution, etc. The law introducing obligation or possibility to prepare integrity plan and to adopt it as inseparable part of the public sector institution's life and culture should provide the following minimum rules:

- ▶ which public sector institutions are obliged to prepare integrity plan and under what conditions (especially if the law refers to the entire public sector, it is advisable to think of a proper distinction between the large and the small public sector institutions given that the same type of obligations and the deadlines regarding integrity plan should be proportionally prescribed to e.g. ministry of defence, on one side, and a small public kindergarten, on the other side);
- ▶ who is responsible for the effective preparation and constant development of integrity plan (what are obligations of the superiors, should integrity plan manager / integrity officer be appointed, etc.);
- ▶ which methodology is advisable for the preparation and constant developing and monitoring of integrity plan; who should prepare the binding (obligatory) or recommended methodology for a certain type of public sector institution (institu-

tion itself or an external body such as independent anti-corruption or integrity authority, etc.) and who should provide advisory services in the course of its implementation;

- ▶ should the integrity plan be independently validated or supervised by an outside authority; if yes, who is competent for the validation or supervision of the obligations regarding the integrity plan (e.g. an independent anti-corruption or integrity authority, other independent authority that has competences and experiences in the field of risk assessment, a special ministry department for all institutions operating within the given ministry, etc.) ; what is the purpose of validation or the extent of supervision;
- ▶ when there is a decision about the establishment of the national integrity/corruption risk register, the law should prescribe obligations of each institution to contribute to this process (how, when and who);
- ▶ timelines / deadlines, and
- ▶ proportional and dissuasive sanctions for failing to comply with the imposed obligations (including the competent authority to impose and enforce sanctions, if estimated that such measures are proper and needed).

Further, the superior / management commitment and staff commitment are crucial internal institutional prerequisites for an effective and quality integrity plan.

On a systemic level, it is advisable to have a uniform model of integrity plans at the state level which would enable the country to set up a *national integrity/corruption risk register* as an important tool to cope with the public sector integrity issues, but also in corruption prevention (when in electronic, digitalized form, the gathered information in national (regional) integrity/corruption risk registers facilitate various analyses that can also reveal systemic corruption/integrity risks). In such case, the integrity plan methodology should be uniform (to a reasonable extent, while taking account of individual characteristics of each public sector institution). It should be supervised by a special (possibly central) authority that would be also competent for setting up and managing the national (or regional) risk integrity/corruption register. This can be an independent anti-corruption or integrity commission, an independent governmental body or other (independent) state authority with sufficient resources and knowledge. In any case, it is advisable to appoint a state authority or department (if possible, an autonomous and independent authority/department) that has sufficient resources and skills to help the public sector institutions in the process of preparation

and constant development of integrity plan. It should also have certain supervisory or validation competences in the process. That would enable the obliged institutions to receive expert advice and help, if needed, and, at the same time, they would be aware that their actual commitment to the integrity plan process is being scrutinized. As already explained, the proper legal basis (law) has to be provided to make the system efficient.

5.2.3. RESPONSIBILITIES REGARDING INTEGRITY PLAN

The responsibility for a public institution, organisation, department, agency, etc. to have a quality integrity plan lies on the superior (i.e. principal, director, manager) of the institution. The superior is responsible for the institution's statutory tasks to be carried out in an optimal way, in due time and with the lowest possible costs for the treasury. This includes responsibility for policy making, organisation of work, leadership and risk management. Risks should be prevented, reduced and (if possible) eliminated by setting up the control and supervisory measures that include, among others, an efficient mechanism for employees to report the relevant facts on compliance or on departure from the institution's tasks and goals.

In the phase of developing the integrity plan or immediately after the integrity plan has been set up, it is advisable to appoint an 'integrity officer' (or an 'integrity plan manager') who should be responsible for all the issues related to the integrity plan, including its full and comprehensive implementation, its constant development, and regular communication on the integrity plan issues with the institution's management and employees. It is advisable for the integrity plan manager to be actively engaged already in the development of the integrity plan (e.g. as a member of the working group).¹²¹

All employees should be obliged to acquaint themselves with the integrity plan and to comply with the related instructions of the management or integrity officer. However, in order to achieve the full integration of the integrity plan in the institution's daily operation (life), it is advisable to convince (using soft measures) all employees to adopt this plan as an inseparable part of the institution's internal culture and of their personal integrity at work.

¹²¹ See more on integrity officer below in subchapter 5.5.6.

5.2.4. INTEGRITY PLAN METHODOLOGY

A comprehensive and holistic approach to integrity plan (including concrete methodology) can be seen above in the presentation of the system of the Republic of Slovenia. In this country, a team of dedicated experts has been working on the integrity plan project implemented by the Commission for the Prevention of Corruption. A model integrity plan developed by this team is available at the Commission's website. It is available in Slovenian on <https://www.kpk-rs.si/sl/preventiva-in-nacrt-integritete/nacrti-integritete/izdelava-nacrt-integritete> (see the link 'Vzorec načrta integritete - priporočljiv'¹²² or 'Vzorec načrta integritete - obvezen'¹²³) and in English on <https://www.kpk-rs.si/en/prevention> (see the link 'Integrity plan - sample').

5.2.5. PROS & CONS OF INTEGRITY PLAN APPROACH

In the countries that have implemented or that are currently implementing the nation-wide integrity plan approach, no empiric or comprehensive analyses have been concluded yet on the final impact of this method. Therefore, the pros and cons of this approach are based only on general observations and predictions. A quality integrity plan is a suitable tool for 'putting one's house in order' given that it is based on an individual approach and tailored to the specific needs of an institution. If it is properly integrated into daily operation of the public sector institution, it will both enhance the awareness of due conduct of the employees and indicate which areas require special attention in terms of being more risky.

On the other hand, integrity plan demands high level of expert knowledge in this field, constant devotion and a lot of time for preparation, regular monitoring and updating. The fact that the responsible staff often lacks the necessary knowledge/capacity/training can be quite an issue because the final effect of the integrity plan on institutional level largely depends on the skills and commitment of the integrity plan manager / integrity officer and other staff engaged in the process. The integrity plan cannot achieve its goal if the responsible staff is unresponsive, negligent or lacks knowledge. The same is true if there is no superior / management commitment to the process.

¹²² Meaning: 'Model integrity plan - recommended.'

¹²³ Meaning: 'Model integrity plan - obligatory.'

5.3. SECTORAL CORRUPTION RISK ASSESSMENT

5.3.1. BASIC CHARACTERISTICS OF SECTORAL CRA

Sectoral corruption risk assessment is, unlike the integrity plan, oriented more towards systemic characteristics and the position of a certain sector (e.g. energy, health, justice, customs, oil and gas industry, building and infrastructure, etc.) rather than towards the individuals. While the integrity plan addresses concrete organisational risk factors, factors arising from specific working processes and individual risk factors, the sectoral CRA is focused on systemic risk factors, risks and risk factors (individual, working processes) that are essentially similar within all institutions inside the sector (e.g. risk factors that refer to the public procurement system, to budgeting and pricing or to human resources management).

Given that sectors are very different,¹²⁴ it is hard to say more about sectoral corruption risk assessment in terms of its definition as it is a 'corruption risk assessment of a certain sector.' Such CRA can be hardly brought down to a common denominator as regards the content because of the fact that public and private sectors often mix here.¹²⁵

CRA is a useful tool, especially for the sectors with large public presence, i.e. the sectors that are entirely or partly regulated by the state or operated by the government or the government has major influence on the decision-making process in (public) companies operating in the sector. In many cases in Southeast Europe, important sectors such as banking and insurance sector, telecommunications, energy sector, transportation, education, health, water, etc. are state-owned or state-

¹²⁴ A comprehensive study of corruption issues in different sectors is available in the collection of papers, edited by J. Edgardo Campos and Sanjay Pradhahn: *The Many Faces of Corruption*. The book is available online on <http://elibrary.worldbank.org/doi/book/10.1596/978-0-8213-6725-4>, and it is advisable to use it when preparing the methodology for corruption risk assessment of a certain sector.

¹²⁵ See for example *Corruption Risk Assessment in the Nigerian Port Sector* (available on: http://www.se.undp.org/content/dam/denmark/docs/BSR_MACN_Summary_Corruption_Risk_Nigerian_Ports.pdf) *Corruption Risk Assessment of Forestry Sector in Kenya* (available on: http://www.unredd.net/index.php?option=com_docman&task=doc_download&gid=11014&Itemid=53etc).

dependent (to a greater or lesser extent). Some of these sectors appear to face particularly significant corruption risks because of their relatively high financial ability and stability (often based on monopoly) that attracts the corrupt government authorities or officials.

Most of the corruption risks, risk factors and other issues can be addressed either on the sectoral level or on the level of an individual institution from the sector in question (e.g. by integrity plan). Which one to use depends on the scope of the problem. If it is more likely that corruption factors are of systemic nature, the sectoral approach should give better results; however, there is no reason why it should not be combined or complemented with integrity plan or other form of self-assessment of particular institution inside this sector. For example, general sectoral corruption risk assessment can be done for the health sector; subsequently, every (or at least larger and more exposed) health institution such as public hospital, health centre, etc. should prepare e.g. integrity plan. In this case, the sectoral CRA should identify the corruption risks on a macro level whereas the integrity plan should further address them on a micro level where very concrete measures can be taken to avoid or mitigate certain risks. Of course, the sectoral CRA, when conducted properly, should also include a review of a representative sample of the institutions operating in the sector. However, the focus of the review is identification of the risks and measures primarily at the sectoral (not institutional) level. If both approaches are used, the methodologies should be harmonized so that the same risk and risk factors are either addressed in the same way (but from different perspective) on both levels or not addressed twice. The measures within the scope of risk management should be also harmonized and complemented.

As stated, the combined approach implies that the same categories of risks will be, as a rule, handled from different perspectives. For example, the identified risk of bribing doctors will, at the sectoral level, call for systemic measures connected with the working environment and conditions, awareness raising, transparent system of offering public health service, supervision or licensing system for doctors etc. whereas specific work process(es) in the individual health sector institutions that are more risky in terms of bribery can be identified and addressed with a proper measure. However, there are some risks that will not overlap at all. The integrity plan can address very concrete and specific issues (including integrity issues) from the viewpoint of internal environment and the working processes in the individual health

institutions that cannot be properly addressed at the sectoral level. Sectoral CRA should, on the other hand, identify also systemic corruption risks and risk factors connected with the sector in question. Those have, of course, influences on a micro level as well, but they cannot be mitigated or eliminated there. Sectoral CRA should, therefore, reveal the actual state of affairs in the sector as a whole and as such it is also an important orientation for the institutions operating in the sector.

The same is applicable to other sectors that primarily offer public services, such as education, judiciary and prosecution, tax and customs, economy, agriculture, research and science, infrastructure, public administration, etc.

5.3.2. PREREQUISITES FOR SECTORAL CRA

Sectoral corruption risk assessment can be conducted without special law or other legal base; however, there is no harm if such tool is provided (at least as an option) in the law regulating certain sector.

The sectoral CRA requires sufficient financial and staff resources to be ensured, including reasonable time that will enable all persons involved in the process to do their job in a professional manner. Staff commitment and sufficient resources are also the necessary institutional prerequisites for effective and quality sectoral corruption risk assessment; however, it is crucial to engage experts in this type of assessment who have in-depth knowledge and experience in the sector under assessment. It is only with such experts on board that all crucial risks, risk factors and adequate measures for their suppression can be identified. In the event that the experts work in the sector under assessment or they are otherwise connected with it (e.g. on business), special attention must be paid to the potential conflict of interest and the measures to avoid it.

5.3.3. RESPONSIBILITIES REGARDING SECTORAL CRA

Many sectoral corruption risk assessment are carried out by private sector or international donor organisations¹²⁶, but they are not the focus of this paper. The risk assessment approach presented here should serve as the basic orientation when deciding whether to assess the sectors in the coun-

¹²⁶ See the examples in subchapter 1.2. (state of research).

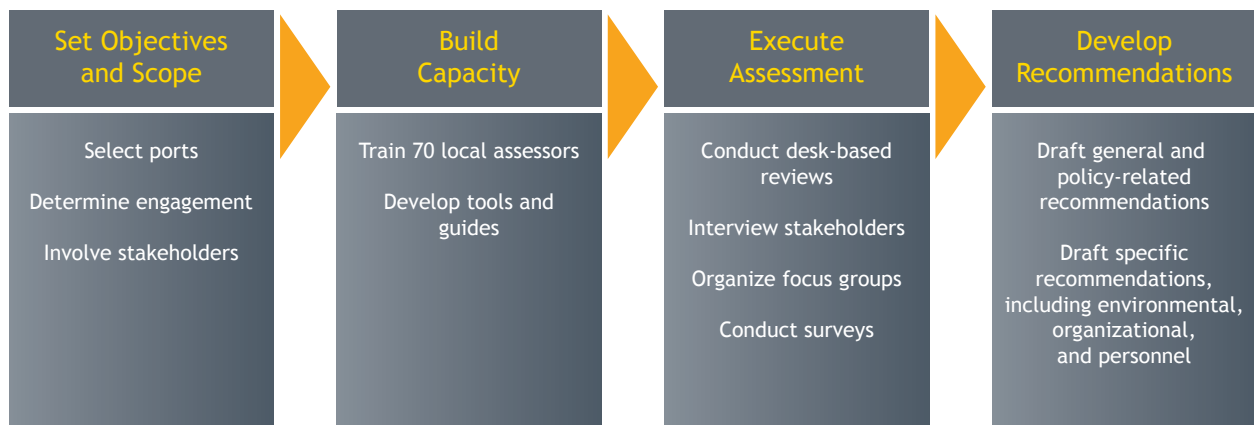
try that are expected to be exposed to a larger risk in terms of corruption or they are already exposed to such risk based on the available data. These sectors may be part of the public sector (i.e. with the exclusive or prevailing influence of the state) or mainly financed from the budget.

The responsibility for or ‘ownership’ of such sectoral CRA depends on the circumstances of the concrete case. Given that there are usually more individual entities working in a certain sector, the self-assessment is hardly feasible, but the external CRA seems more suitable. Such CRA can be, for example, conducted by the ministry competent for the sector under assessment, the ministry of finance and/or economic affairs, ‘umbrella’ authority of the sector (where it exists) or other state authority that has interest in the corruption

risk management in a certain sector. Independent anti-corruption agencies can be also included in such CRA given their expert knowledge.

5.3.4. SECTORAL CRA METHODOLOGY

The framework methodology presented below can be used and adapted to the specifics of the sector being assessed in the sectoral CRA. Here is, for example, a short and simple summary of the methodology used in 2012 - 2013, when the United Nations Development Programme (UNDP) and the Maritime Anti-Corruption Network (MACN) joined forces to undertake a comprehensive risk assessment across six Nigerian ports:¹²⁸



5.3.5. PROS & CONS OF SECTORAL CRA

When oriented at the specific sector (e.g. energy, health, etc.), the corruption risk assessment can directly address concrete aspects of the sector and therefore offer an in-depth understanding of how and to what extent the corruption could affect the sector’s operations and reputation.

However, this type of corruption risk assessment is quite time consuming; it requires qualified staff (including experts that are familiar with the specificities of the sector being assessed) and sufficient resources in terms of time and finance.

5.4. TARGETED (AD HOC) CORRUPTION RISK ASSESSMENT

5.4.1. BASIC CHARACTERISTICS OF AD HOC CRA

‘Ad hoc’ or ‘targeted’ corruption risk assessment could / should be employed in the countries that already have nation-wide integrity plans or other form of (self-)CRA, on one hand, or in the countries that are considering to implement a nation-wide CRA tool. The technical and methodological

¹²⁷ See Corruption Risk Assessment in the Nigerian Port Sector, p. 4 (available on: http://www.se.undp.org/content/dam/denmark/docs/BSR_MACN_Summary_Corruption_Risk_Nigerian_Ports.pdf).

aspects of targeted corruption risk assessment are similar to the methodologies and standards presented in the previous sections. What differs is a targeted dedication of resources to conduct a corruption risk assessment and follow up on a particular project, department, working process, policy, etc. This could be triggered by:

- ▶ conducting a CRA on a project, department / institution whose management shows the initiative to do it (this approach is usually part of the 'integrity pact' at the level of local self-government or an initiative of a newly appointed, reform-minded head of a certain department, etc.);
- ▶ implementation of a new project of any kind (e.g. governmental policy in the area of financing, licensing or similar);
- ▶ individual corruption incident or a scandal (e.g. strongly publicized arrest for corruption criminal offence or other media corruption scandal, report of an audit institution, etc.). An individual corruption incident should be, in any case, seen as an opportunity, obligation and a challenge for corruption risk assessment. In this case, the targeted (*ad hoc*) type of CRA is a tool to provide answers to the questions: *What went wrong? Why did it go wrong? What can we learn from it? Could it be prevented? What can we do to minimize its reoccurrence?*
- ▶ etc.

When targeted at a certain project, the public sector institution can take - by conducting a corruption risk assessment at an early stage of the project - effective steps to manage corruption risks. Such an assessment will determine the level of corruption risk the project is likely to face (including rigorous analysis of the likelihood of corruption occurring), and identify any particularly challenging areas at a specific stage of the project cycle. This will enable timely, effective and prompt response and measures to mitigate or suppress the risks.

5.4.2. PREREQUISITES FOR AD HOC CRA

A targeted (*ad hoc*) corruption risk assessment can be conducted without special law or other legal base in place (but, of course, the country can decide to provide for this approach in a law, e.g. a law or other legal act introducing specific project). A superior or management of any public sector institution can order *ad hoc* corruption risk assessment of any project, department, working process, etc. within their management position and in line with good governance standards. It can be ordered or arranged at an inter-institutional level.

With regard to the targeted (*ad hoc*) CRA, it is also important to ensure sufficient financial and staff resources and reasonable time that will enable all persons involved in the process to do their job in a professional manner. Commitment of the superior / management and staff and sufficient resources (including qualified staff and sufficient time) are the necessary institutional prerequisites for effective and quality targeted (*ad hoc*) corruption risk assessment.

5.4.3. RESPONSIBILITIES REGARDING AD HOC CRA

The responsibility for or 'ownership' of the *ad hoc* corruption risk assessment depends on the order. *Ad hoc* CRA can be internal, external or mixed. The main responsibilities for its implementation are divided between the person/institution who ordered the assessment and the persons/institutions/departments that carry out the project, working process etc. that is being assessed. As can be seen from the case study below, independent anti-corruption agencies can be also included in such CRA given their expert knowledge.

When the targeted (*ad hoc*) CRA represents a response to a corruption incident, it is very important to ensure that the assessment is performed independently, without engagement of the persons directly or indirectly involved in the incident (or affected by it).

5.4.4. AD HOC CRA METHODOLOGY

Given that the targeted corruption risk assessment is performed on an *ad hoc* basis, the methodology should be also *ad hoc*, i.e. adapted to the particular project being assessed and set up for the needs of the project. The framework methodology presented below can be used as a basis for establishing concrete methodology in question.

The easiest way to explain what exactly is meant by a targeted (*ad hoc*) corruption risk assessment is to present it in a case study. Based on the author's experience, a case from the Slovenia is selected, i.e. *ad hoc* corruption risk assessment of the implementation of the measures addressing the problems of the financial sector in Slovenia and of the implementation of the corresponding legislation - which the corruption risk assessment identified as significantly flawed.

Case study - The Bank Assets Management Company (BAMC) Slovenia

The Act on the Measures of the Republic of Slovenia to Strengthen the Stability of Banks (ZUKSB¹²⁸) was adopted in December 2012 in order to ensure a long-term stability of the Slovenian financial system. It defined the model chosen by the Slovenian Government to address significant losses in the state-owned banks.

The ZUKSB regulates the Bank Assets Management Company (BAMC¹²⁹), the Bank Stability Fund (BSF) and the measures to enhance bank stability in the Republic of Slovenia. It determines the following measures intended to enhance the stability of the banks:

1. the purchase or takeover of bank assets by payment;
2. guarantees by the state to enhance bank stability, i.e.:
 - ▶ for claimed liabilities of the BAMC,
 - ▶ for the liabilities of a dedicated company established by the banks, or the BAMC together with the banks for the purpose of assuming risks, and
 - ▶ for the liabilities of banks arising from the borrowings made at the Bank of Slovenia following the enforcement of measures to guarantee the necessary liquidity of banks in emergency cases;
3. the increase of share capital of banks and the payment of other capital instruments issued by the banks which, pursuant to the act regulating banking, must be considered in the calculation of the bank's core capital.

In order to implement these measures, the ZUKSB provides for the main mandate of the BAMC and the BSF to ensure prudent spending of the public funds, reimbursement of budget funds, to enhance granting of loans to the non-financial sector by guaranteeing the conditions for the sale of the state capital investments in banks and to establish responsibility for the emergence of loans and investments which are kept as impairments on banks' balance sheets and are subject to the measures stipulated in the ZUKSB.

The Bank Assets Management Company (BAMC) was established in March 2013 as a government-

¹²⁸ The original title of the Act is »Zakon o ukrepih Republike Slovenije za krepitev stabilnosti bank«. The English translation of the Act is available on: <http://www.dutb.eu/en/about-us/legal-foundation-for-the-bamc>.

¹²⁹ Bank Assets Management Company (BAMC) is a type of subject known also under the term »bad bank«. For more information on BAMC see their website: <http://www.dutb.eu/en/>.

owned company with the task of facilitating the restructuring of banks with systemic importance that were facing severe solvency and liquidity problems. By the end of 2013, the two largest banks were recapitalized by the government and a substantial part of their non-performing assets were transferred to the BAMC. For the purpose of implementing the measures stipulated in the ZUKSB, the BAMC formed a Bank Stability Fund (BSF) as dedicated assets, with no legal personality. The assets of the BSF can be used exclusively to finance the measures as stipulated in the ZUKSB and to cover losses arising thereof. The BAMC is obliged to manage the BSF's assets in a way that their real value is maintained in accordance with the investment strategy and policy adopted by the Management Board of the BAMC.

Establishing the context

The establishment of the BAMC or a 'bad bank' was under major public scrutiny in Slovenia. It was known that the two largest state-owned banks faced significant losses despite several strong financial injections from the state budget received in the past years. It was also known that the taxpayers would have to bear not only the consequences of the global economic crises impact on the banking system, but also the consequences of improper bank management that had neglected establishment of financial risk assessment mechanisms and failed to pay due attention to the precautions (sometimes by negligence and sometimes intentionally based on the personal interests or the interests of powerful networks).

Some important companies and natural persons with the connections in the Slovenian political circles were/are large debtors to the state banks. Based on the known mechanisms of 'modus operandi' in Slovenia when it comes to spending public (budgetary) money, it was reasonable to expect that these networks would try to benefit from the establishment of the BAMC (e.g. by buying back their property from the BAMC for a low price via their companies in the offshore centres) and that they would also influence its operation and management decisions. The BAMC could resist such influence only by establishing an efficient model for identification of (corruption) risks and instruments for treating such risks.

Soon after the BAMC had been established, the Slovenian central anti-corruption authority, i.e. the Commission for the Prevention of Corruption (CPC), received some credible and reliable indications that BAMC was not giving any priority to the corruption risk assessment of its structure and processes. According to the CPC's estimate, there was a real danger (risk) that such inactivity of the

BAMC could pave the way to the second (and final) phase of ‘wild privatisation’ in Slovenia and, again, to major budgetary detriment.

Therefore, the CPC welcomed the initiative of the Ministry of Finance (i.e. the competent ministry with regard to the Act) to prepare a comprehensive corruption risk assessment in the implementation of the ZUKSB. It had launched the project that resulted in issuing the *principles and recommendations for assessment and control of the corruption risks in the implementation of the ZUKSB* (hereinafter referred to as ‘the project’).

The CPC based its approach on the provisions of the Integrity and Prevention of Corruption Act (IPCA)¹³⁰ that regulates the tasks and powers of the Commission. According to Article 12 of IPCA, the Commission is, *inter alia*, empowered to prepare the expert groundwork for strengthening the integrity, to provide advice on strengthening the integrity, preventing and eliminating the risks of corruption in the public and private sectors.

Methodology

It was the first CPC’s activity of this kind and therefore it was not based on any of the existing methodologies. The CPC’s team working on the project developed *ad hoc* methodology based on the provisions of IPCA and the framework from SIST ISO 31000:2011 Standard that is based on ISO 31000:2009 standard.

The project started in late spring 2013 and the recommendations were issued on 20 August 2013. The most important methodological and contextual starting point was the following: the aim of the project and CPC’s intervention was not that the CPC takes over the responsibility from the BAMC to assess and deal with the corruption risks related to the BAMC competences, but rather to draw the BAMC management’s attention to the urgency of proper and due approach to the corruption risk assessment from the onset of their work.

The methodology can be seen from the workflow of the project:

- ▶ first, CPC project team was appointed by the CPC’s leadership (the work of the project team was directed and supervised by the CPC’s leadership),
- ▶ the project team analyzed the legal background of the BAMC and all available sources of its work with the aim of identifying the areas that are sensitive to potential corruption risks. In that phase, a broad definition of the ‘corruption risks

profile’ was adopted by the CPC team which served as the basis of the analyses (profile of corruption risks for the particular project includes: *bribery, conflict of interests, threats or other illegal influences on any person to violate or abandon their due conduct, threats or other illegal influences on potential whistleblowers, illegal lobbying, unclear or non-transparent decision-making or supervision procedures, and other illegal and unethical behaviour that can threaten the aims of strengthening bank stability system*);

- ▶ having identified the main areas of supervision, the CPC team members had numerous meetings with the BAMC employees and its management to collect sufficient data on the actual processes performed inside the BAMC. That enabled the CPC team to recognize deficiencies in the BAMC’s processes that needed in-depth corruption risk assessment,
- ▶ finally, the CPC project team prepared the written document titled *Corruption Risk Assessment in the Implementation of the Act on Measures of the Republic of Slovenia to Strengthen the Stability of Banks (ZUKSB) - findings and recommendations*. It was adopted by the CPC’s leadership and sent to the BAMC, the Government, the Ministry of Finance and the Bank of Slovenia.

The corruption risk assessment document includes:

- ▶ *Part I*: introduction with the example of a ‘model and framework for corruption risk self-assessment’ developed specifically for the BAMC;
- ▶ *Part II*: identification of risk sources and factors (on a general level) in the most important BAMC processes, including possible risks arising in the banks that are subject to the measures as stipulated in the ZUKSB, in the work of inter-ministerial committee that is part of decision-making in these processes, in the work of the Bank of Slovenia and the role of the Government –all levels involved in the processes of transferring bad assets from certain bank to the BAMC and in other processes on granting measures provided by the ZUKSB were included;
- ▶ *Part III*: identification of concrete corruption risks and integrity risks and recommendations how to address them. Again, corruption and integrity risks were investigated separately for each institution that played part in the decision-making processes regarding the ZUKSB measures:
 - ✦ the bank that is subject to the measures as stipulated in the ZUKSB (7 different risks were identified and 8 recommendations were provided on how to treat them),
 - ✦ inter-ministerial committee (6 different risks were identified and 9 recommendations were provided on how to treat them),

¹³⁰ The original title of the Act is »Zakon o integriteti in preprečevanju korupcije«. The English translation of the Act is available on: <https://www.kpk-rs.si/upload/datoteke/ZintPK-ENG.pdf>.

- ✦ the BAMC, where the following levels were exposed:
 - ◊ Management Board (12 recommendations were provided on how to establish the good governance principles in the BAMC),
 - ◊ The BAMC employees (13 recommendations were provided on how to ensure their integrity and transparent work),
 - ◊ external co-operators (7 recommendations were provided on how to act in the event of outsourcing services) , and
 - ◊ operational costs (1 general recommendation was provided regarding the costs).
- ▶ *Part IV:* Analysis of legal grounds for possible liability (including criminal liability) of individuals who take part in the decision-making processes on the measures stipulated by the ZUKSB (this part was meant for the Government to take due care in drafting legislation);
- ▶ *Part V:* Executive summary and call for the implementation of the recommendations provided in Part III

Follow-up

When the above mentioned report and the recommendations were presented to all relevant stakeholders, they welcomed the CPC's approach and the efforts. The commitments were made to implement the recommendations. However, the CPC followed up the processes in the BAMC during the following six months on a regular basis and noticed that the actual operation of the BAMC was not in accordance with recommendations. Consequently, certain identified risks materialized. Therefore, the CPC prepared another assessment of the BAMC's operational processes and identified some irregularities and serious risks in the following areas:

- ▶ procedures of outsourcing services (those procedures were not always rational in terms of financial resources and the conflict of interest was present in some cases);
- ▶ recruitment procedures for the new BAMC employees (there were no precise criteria for the positions);
- ▶ remunerations of the BAMC Management Board members (some members had much higher salaries than the others, and it was not possible to establish either the legal grounds or the actual reasons for such discrepancies);
- ▶ corporate governance in the BAMC was below the expected level, and
- ▶ the supervision procedures over the BAMC were ineffective.

The CPC sent its assessment to the Prime Minister, the Minister of Finance and the Governor of

the Bank of Slovenia at the end of January 2014 and urged for more integrity and transparency in the BAMC operation. As a result, the public and parliamentary debates took place and a number of issues were addressed in the functioning of the BAMC, which also remained on the public and media agenda.

5.4.5. PROS & CONS OF AD HOC CRA

Targeted corruption risk assessment can be a very effective tool to respond to a corruption incident. If used on time, it may prevent such incidents on the level of very concrete and, as a rule, narrow field.

When targeted at a specific project (e.g. implementation of the 'bad bank' into the system), the approach that takes into account of the specific aspects of a project will provide an in-depth understanding of how and to what extent corruption could affect an institution's specific operations and reputation. Besides, this approach is a crucial step toward meeting 'adequate procedures' (for example, in UK such procedures consist of six anti-corruption general principles: 1) risk assessment, 2) top-level commitment, 3) due diligence, 4) clear practical and accessible policies and procedures, 5) effective implementation and 6) monitoring and review¹³¹). It will also demonstrate the engagement of the institution's superior or management in preventing corruption.

Compared with the integrity plan and the sectoral CRA, this type of corruption risk assessment is less time consuming; however, it still requires qualified staff and sufficient resources.

5.5. SOME PRACTICAL ASPECTS OF IMPLEMENTING CORRUPTION RISK ASSESSMENT

The selected questions and answers are intended to provide short and precise views on some issues that are either systemic and general or rather

¹³¹ See Assessing Corruption Risks, p. 7 - 8 (available on: http://www.controlrisks.com/~media/Public%20Site/Files/Our%20Thinking/risk_assessment_published.pdf).

concrete and specific. They are substantive (and therefore placed in this chapter), but most of them are directly or indirectly relevant from the methodological point of view as well.

5.5.1. CAN CORRUPTION RISK ASSESSMENT BE SUCCESSFULLY IMPLEMENTED IN AN ENVIRONMENT WITH ENDEMIC OR HIGH LEVEL OF SYSTEMIC CORRUPTION?

No exact ‘yes’ or ‘no’ answer could be given to this question, but the fact is that the corruption risk assessment can hardly be employed in an environment of systemic, endemic or widespread corruption.

In an environment where corruption is rampant nationwide, corruption risk assessment strategies and models (tool), including integrity plans, will likely be counterproductive. In an environment where obvious systemic risks to corruption exist across different sectors and where other preventive tools (such as anti-corruption strategies and plans, assets declaration systems, conflict of interest prevention tools, internal and external audits, etc.) are in place but are not functioning properly, introduction of any corruption risk assessment model or tool will likely create just another layer of anti-corruption bureaucracy and discredit the idea. On the other hand, even in such environments, there are islands of integrity or sectoral commitment to reform and change. In such circumstances, corruption risk assessment can be applied successfully and can be used as good practice or pilot projects.

One should keep in mind, however, that in an environment where there is high cynicism in relation to anti-corruption measures, corruption risk assessment won’t work nation-wide; it will not work in the environment of endemic corruption either. In this sense, there is a parallel with ethical codes. Their existence on paper in an environment of acceptable and endemic lack of integrity standards does more harm to the idea of ethics and integrity than it brings results.

5.5.2. DOES CORRUPTION RISK ASSESSMENT REQUIRE A SEPARATE LEGAL BASIS?

Every CRA approach presented above includes explanation of potential benefits of introducing cer-

tain CRA approach through a law or other mandatory legal base and what it should include.

However, on a general level, it has to be said very clearly that corruption risk assessment (any type or approach) in specific public sector institution, organisation, department or agency can be conducted without specific legal basis. But, taking into account the main characteristics of the public sector institutions and (generally rather weak) public officials’ attitude towards anti-corruption and integrity issues in the SEE region, it is strongly advised to introduce corruption risk assessment through the law. Given that the public sector institutions do not depend on the market rules and therefore cannot advertise their commitment to anti-corruption, integrity and compliance as their market or competitive advantage, it is not reasonable to expect that they will adopt the corruption risk assessment process on a completely voluntary basis. They will mostly do that only if obliged or at least recommended by the law. This could be a special integrity or anti-corruption law, general law regulating the public sector institutions and their tasks, special law regulating certain public sector institution, etc. - it depends on the legal system in force for the regulation of public sector in individual country. When providing for corruption risk assessment by a law, it is advisable to leave enough space to the obliged entities to tailor their corruption risk assessment model (tool) or strategy to their specific characteristics and needs.

5.5.3. SHOULD CORRUPTION RISK ASSESSMENT BE MANDATORY OR VOLUNTARY (RECOMMENDED)?

Pros and cons of mandatory or voluntary nationwide system of corruption risk assessment are relatively balanced, and is therefore not possible to give a final advice on this question.

When prescribed as mandatory, corruption risk assessment (any type) can easily become a formalistic check-list of measures that will be applied by major part of public sector institutions formally and uniformly, and will therefore have no positive effect on anti-corruption efforts and integrity strengthening (or will even be counter-productive by imposing additional bureaucratic burden on the institution). When there is no legal obligation of public sector institutions to implement some form of corruption risk assessment, it is an institution’s decision as to whether corruption risk assessment and management would be a separate exercise

or properly included in routine risk management processes (e.g. in finance or human resources risk management plans). This decision should depend on the factors such as size of the institution, number of activities or functions that are particularly vulnerable to corruption risks, institution's resources, etc. This is the theory. However, if there is no obligation to apply corruption risk assessment, it is very likely that only institutions that have no major corruption or integrity issues will be interested in introducing or testing such mechanism whereas the ones that are critical will show no interest in it.

The solution might be to introduce a system where corruption risk assessment would be prescribed as mandatory (obligatory) by the law or in another way with regard to the most (or more) corruption exposed public institutions, sectors, processes or projects. As for other public bodies, it may be provided as an option (i.e. they can choose on a voluntary basis whether to implement it or not), but strongly recommended.

In case of mandatory corruption risk assessment, prescribed by the law, it is advisable to leave enough space to the obliged institutions to tailor the assessment to their specific characteristics and needs; yet, the responsibilities regarding preparation, constant monitoring and upgrading corruption risk assessment strategy and documents have to be defined very clearly by the law and proportionate and dissuasive sanctions can be prescribed for noncompliance with these obligations.

5.5.4. SHOULD FINAL CORRUPTION RISK ASSESSMENT DOCUMENTS (SUCH AS INTEGRITY PLAN) BE PUBLIC OR INTERNAL?

The answer to that question seems obvious. It should be a public document. However, the practice has shown that some aspects of the corruption risk assessment could be considered internal and not widely publicized. This can be true for specific sectors of law enforcement, prosecution, defence or intelligence. A detailed and well researched corruption risk assessment (e.g. integrity plan) uncovers institutional, regulatory and procedural weaknesses of institutions and identifies specific risks and vulnerabilities that are not necessary known to the public (this could be compared e.g. by discovering of a specific vulnerability for attack or illegal access to the computer system or software - it is not always prudent to publish it in detail

before mitigation actions are put in place, hence they could be abused from the outside or from the inside before they are addressed and managed). In addition, the overwhelming sub-culture in public institutions is not to admit mistakes or problems to the general public, but rather to portray a picture that is better than the reality. So, in cases when corruption risk assessment is part of the internal self-evaluation mechanism, full publicity will inherently restrain self-criticism.

Therefore, it is acceptable that a part of the corruption risk assessment (in any form) is of internal nature. Main elements and core findings should, however, always be public.

5.5.5. HOW TO ENSURE PROFESSIONAL DISCIPLINE OR COMMITMENT OF PARTICIPANTS INVOLVED IN CORRUPTION RISK ASSESSMENT PROCEDURE?

This is a tough nut to crack. Corruption risk assessment is a rather technical, detailed process that requires human resources and specific knowledge to be implemented properly. It is not something the country prescribes by the law and it will work on its own, regardless of people's commitment. If not implemented properly and with attention and modification to realities of the environment, corruption risk assessment can create only an additional layer of anti-corruption bureaucracy or serve as window-dressing, and consequently increase cynicism about anti-corruption, integrity and ethics both in public opinion and inside public sector.

It is not possible to predict, on a general level, what approach would be the best to ensure professional discipline and commitment of participants involved in corruption risk assessment procedure. This depends not only on the environment but also on the people involved. In most public sector institution there are individuals with high level of integrity (at work and in personal life) who do not need any extra guidance or push to actively participate in corruption risk assessment because integrity is their way of life. If such individuals are prevailing, institutional integrity is consequently high, and the procedures such as corruption risk assessment should be easy to carry out. However, if such individuals are rare and unrecognizable in the system, some sort of measures should be used to convince public sector employees not only to

take corruption risk assessment seriously, but also why professional integrity at work is important for them as well for the institution and public sector as a whole. In some cases, soft measures like additional training and explaining of the matter (using also psychological methods), praise for a well done job, better possibilities of promotion etc. will be more effective than threat with sanctions (fine, disciplinary measures, etc.). However, in some cases it might be vice-versa. The use of any of personal integrity assessment tools might be useful sometimes, such as integrity testing (according to the OECD, integrity testing is a tool by which public officials are deliberately placed in potentially compromising positions without their knowledge, and tested, so that their resulting actions can be scrutinised and evaluated by the relevant authorities) or asset consistency check (asset consistency check or 'lifestyle check' is an investigation into the ways of living or lifestyle of government officials to determine consistency of such lifestyle with their income.¹³²

If country is serious on making a progress in its anti-corruption efforts, it should provide changes on the systemic level that would enable or ensure people with high level of personal and professional integrity to take crucial positions in public sector institutions. If superior, director, manager, members of managing council, etc. is a good example of integrity, the possibilities for him or her to convince (in soft or harder way) other employees to follow this example, are certainly higher than in the case when the top levels of institution have no (or wrong) attitude to anti-corruption and integrity issues.

5.5.6. WHO IS INTEGRITY OFFICER AND WHAT SHOULD (S)HE DO?

In the phase of institutional corruption risk assessment (e.g. integrity plan) procedure or immediately after the measures based on the assessment are set up, it is advisable for public sector institution to appoint an integrity officer (in the countries where the basic model of CRA is integrity plan, this person is also called 'integrity plan manager') who should be responsible for all issues regarding this assessment and its results, including full and comprehensive implementation of measures, their constant revision, regular communication on CRA issues with institution's management and employees, etc.

¹³² See more on U4: Overview of integrity assessment tools, p. 2 - 4 (available on: <http://www.u4.no/publications/overview-of-integrity-assessment-tools/downloadasset/2888>).

Integrity officer should be a person who enjoys high level of trust and reverence inside the institution (from employees as well as management) and has certain knowledge in the field or attitude to get it. However, it is not advisable to employ a full time integrity officer because the person might lose one of the crucial elements of a successful integrity officer, i.e. to be an integral part of the institution and to have the first hand knowledge of the working field and the life of the institution based on his or her own experience. On the other side, the appointed integrity officer should be given enough time within his or her daily, weekly or monthly working activities to do all the tasks entrusted to him/her.

The main responsibilities of an integrity officer should be, for example:

- ▶ drawing attention to the constant implementation of the measures for recognition and prevention of all sorts of risks identified in the corruption risk assessment procedure (corruption risks, risks of conflict of interest, risks of illegal lobbying or other influence, risks of unethical or illegal conduct inside the institution or in relation to other stakeholders, other integrity risks, etc.),
- ▶ awareness raising, training and advising on integrity strengthening, compliance with the rules and ethical codes and on elimination of wide range of corruption risks and risks of unethical or illegal conduct,
- ▶ reporting to the superior, supervisory bodies and internal review service on integrity strengthening, compliance with the rules and ethical codes and on elimination of wide range of corruption risks and risks of unethical or illegal conduct,
- ▶ protection of whistleblowers,
- ▶ cooperation with the competent state or local authorities dealing with corruption prevention, integrity issues, auditing, access to public information, etc.
- ▶ cooperation with law enforcement authorities, when needed,
- ▶ other tasks and duties connected to the integrity and corruption prevention issues.

Depending on the size of the institution, the extent of corruption risk management in force, immersion of integrity issues, etc. the working obligations of integrity officer should be divided, for example, as follows: 50% for regular work and 50% for the integrity officer function, or maybe 70 % for regular work and 30 % for the integrity officer function (or *vice versa* - the percentage and relation is completely dependent on the concrete case) - by all means this division should be flexible and adapted to the needs of a certain moment.

Regarding the question whether integrity officer should receive additional payment for this function, there is (or should be) no need for extra payment as the entire work load of an individual should not increase (as said before, it is advisable to make clear what percentage of the regular work still has to be done by the employee after his/her appointment as an integrity officer). However, if it is reasonable to expect that certain smaller amount of additional payment would increase the person's commitment to the job, and, if provided for in the public finance regulation, extra payment would not be against the function and the idea of integrity officer.

5.5.7. LAST BUT NOT LEAST: WHY CORRUPTION RISK ASSESSMENT IS NEEDED IF ALL THE STANDARD CONTROLS ARE ALREADY IN PLACE?

Standard controls are usually of general nature. Every public sector institution, however, has a different operating environment and consequently may have some different corruption risks compared to other institutions involved in the same type of work. Each institution needs to understand its own context and its own risks to be sure that the (corruption) risk management strategies (or controls) it has in place are appropriate and effective. Besides, all organisations are dynamic and work in the contexts that change constantly - sometimes in subtle ways. The controls that work at a certain point in time may not be so effective over time. Therefore, every public sector institution should have risk assessment and management procedure adapted to its own functions, features and environment. Here, the attention is drawn to considerable potential positive benefits of corruption risk assessment that include:¹³³

- ▶ providing a realistic and comprehensive overview of key areas of corruption and/or integrity risk to assist with the design of mitigating processes and controls, training and other communications, and monitoring and review of the activities,
- ▶ focusing attention and effort on those activities and relationships which are considered to be most risky,
- ▶ enabling an institution to recognise where there may be an excessive controls burden in relation

to relatively low risk activities and to reduce effort in those areas and/or redeploy resources where there is a greater need,

- ▶ helping to determine the level of risk-based due diligence that will be appropriate for particular third parties, building on an informed appraisal of the risks associated with the activities such parties are being asked to undertake,
- ▶ identifying opportunities for efficiency, not only in controls but also in the underlying public sector institution's activities themselves, and
- ▶ supporting the promotion of risk awareness generally and supporting a structured, informed approach to ethical decision making in the public sector institution.

¹³³ See Transparency International UK: Diagnosing Corruption Risk, p. 4 (available on: <http://www.transparency.org.uk/publications/15-publications/678-diagnosing-corruption-risk/678-diagnosing-corruption-risk>).

6. CORRUPTION RISK ASSESSMENT METHODOLOGY: PART II - PROCEDURAL AND SUBSTANTIAL ASPECTS

6.1. GENERAL OBSERVATIONS

As mentioned in the introduction on the understanding of CRA, the process of corruption risk (self)assessment should include, *inter alia*, clarification of what is meant by corruption (preferably, unethical behaviour and integrity breaches should be included) and what is meant by incidence and seriousness of corruption (there are various methods for assessing the incidence of corruption such as direct observation, proxies, surveys, interviews etc.¹³⁴). Further, a risk assessment should identify the contributory and facilitating factors underlying corruption in the particular institution, sector, project or process being assessed and specific risks and develop measures for the suppression of the identified risk factors and risks. Typical ‘assessment journey’ (as defined by OECD) should therefore include the following phases:¹³⁵

Step 1. Defining the purpose: Why assess?

Step 2. Selecting the subject: What to assess?

Step 3. Planning and organizing the assessment: Who will assess?

Step 4. Agreeing on methodology: How to assess?

Step 5. Ensuring impact: How to integrate assessment results into the policy cycle?

¹³⁴ See for the details Council of Europe: Project against Corruption in Albania (PACA), Technical paper on the Corruption Risk Assessment Methodology Guide (2011), p. 5 - 10 (available on: http://www.coe.int/t/dghl/cooperation/economic-crime/corruption/projects/Albania/Technical%20Papers/PACA_TP%20202011-Risk%20Assessment%20Methodology.pdf).

¹³⁵ See OECD Framework for Assessment of Public Sector Integrity, p. 12 (available on: http://www.keepeek.com/Digital-Asset-Management/oecd/governance/public-sector-integrity_9789264010604-en#page1).

“ We learn from experience that men never learn anything from experience. ”

(George Bernard Shaw)

On a concrete level, the depth of a particular CRA depends on the size and scope of the institution, organisation, department, sector, project or process being assessed. Thus, the sophistication of risk assessment ranges from identification of corruption (or integrity) and/or institutional weaknesses/gaps as an indicator of risk of further corruption to an analysis of the impact and estimation of the likelihood of corrupt practices. Moving from the identification of risks to actionable information, further stages in the assessment may include prioritization of risks and identification of tools to address the identified risks. In many cases, the first stage serves to identify broad risk areas (usually through secondary sources) which are then analysed in more detail in the second stage. In some cases, intermediate steps in the analysis are left out, such as the assessment of impact and likelihood of corrupt practices. In other cases, the analysis stops at the risk identification stage, or even at the point of identifying institutional weaknesses.¹³⁶

Below is general framework methodology for comprehensive corruption risk assessment. It is not based on some completely new (and untried) approach, but rather follows some already developed

¹³⁶ McDevitt, A.: Corruption Risk Assessment Topic Guide (2011), p. 2 (available on: http://gateway.transparency.org/files/uploads/Corruption_Risk_Assessment_Topic_Guide.pdf).

concepts, and tries to improve, deepen and adapt them in a way to be useful for all the above presented approaches to corruption risk assessment.

6.2. GOOD PRACTICE PRINCIPLES FOR CORRUPTION RISK ASSESSMENT

As already explained, most corruption risk assessments take an institutional approach, i.e. they aim to identify weaknesses in (the enforcement of) rules and regulations in the institution, sector and/or process being analyzed. Transparency International developed *10 good practice principles for effective corruption risk assessment* that are of general nature and fully applicable to the Southeast European (SEE) region as well. According to these principles, effective risk assessment (especially the institutional one) should:¹³⁷

1. have the **full support and commitment** from the superior or other senior management,
2. involve the **right people** to ensure a sufficiently informed and complete overview of the institution and its risks ,
3. be **comprehensive**, taking account of all activities of the institution which may create significant corruption risk,
4. avoid preconceptions about the effectiveness of controls or the integrity of employees and third parties, and therefore **focus on inherent risk**,
5. identify and describe corruption risks **in appropriate detail**,
6. evaluate corruption risks by reference to a **realistic assessment** of likelihood and impact,
7. prioritise corruption risks to the extent that this is **practical and meaningful**,
8. be documented in such a way as to demonstrate that an **effective risk assessment process** has been carried out,
9. be **regular**, performed at appropriate intervals and otherwise in the event of significant changes affecting the public sector, and

¹³⁷ See Transparency International UK: Diagnosing Bribery Risk, Guidance for the Conduct of Effective Bribery Risk Assessment, p. 2 (available on: <http://www.transparency.org.uk/publications/15-publications/678-diagnosing-bribery-risk/678-diagnosing-bribery-risk>).

10. be **communicated effectively**, and designed in a way that facilitates effective communication and the design of appropriate policies, programmes and controls.


In addition to TI principles, the following principles (or principled advice) are applicable to the SEE region regarding practical implementation of corruption risk assessment:


11. take broad approach, be **innovative and find the best option** for the corruption risk assessment in concrete institution, sector, project or process,
12. establish adequate **supervision or control mechanisms** over (self-)CRA quality,
13. engage **modern technologies and advanced/adapted software solutions or tools** in corruption risk assessment, where applicable,
14. engage **knowledge and experiences of audit and other supervisory institutions** in developing corruption risk assessment,
15. use corruption risk assessment to orient **mindset changes** towards zero tolerance to corruption and to stimulate **integrity-based behaviour**.


6.3. FRAMEWORK METHODOLOGY

This framework methodology is designed as a kind of a check-list and it is intended to guide those charged with organising and carrying out a corruption risk assessment through all crucial phases of the process.¹³⁸ The framework methodology consists of 5 phases with altogether 27 steps. However, the steps are neither exclusive nor absolute, but systematic in a way that the methodology can be adapted, expanded, altered or otherwise tailored to concrete procedure of corruption risk assessment easily. The framework methodology can be used for any CRA type or approach (integrity plan, sectoral CRA, *ad hoc* CRA); however, the approach should be selected in advance.

¹³⁸ Compare also UN Global Compact Guide for Anti-Corruption Risk Assessment Guide (available on: http://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/RiskAssessmentGuide.pdf) and Transparency International UK: Diagnosing Bribery Risk, p. 12 (available on: <http://www.transparency.org.uk/publications/15-publications/678-diagnosing-bribery-risk/678-diagnosing-bribery-risk>).

Please note (!)  that regarding the steps marked with asterisk (*) in the methodology, some relevant content is presented in more detail below in the paper.

Please note (!)  that propositions on who is responsible for certain activity only refer to typical (as a rule) situations and are not of absolute nature. Who should be responsible for certain activity depends on the nature of the concrete activity, organisational structure of the institution, specific circumstances of the sector or project being assessed, etc.

Please note (!)  that the timeframes, deadlines, eventual resource requirements, reporting requirements, etc. related to each task have to be specified next to the task and designated person(s).

No.	Task / activity	Responsible person(s) / body
Phase 1: Planning, scoping and mobilisation of resources <i>- the result of this phase should be an effective work plan for corruption risk assessment and clear responsibilities of individuals in this process -</i>		
1	Obtain superior or top level management support for corruption risk assessment, including: <ol style="list-style-type: none"> commitment to investment of appropriate time and resources, commitment to personal participation of superior or top level management as appropriate in the process, commitment to top level communication with relevant internal stakeholders on importance of the assessment task 	management
2	Appoint CRA project leader and members of the working group that will carry out corruption risk assessment (all sectors or departments of the institution should be properly and proportionally represented in the working group. In addition, responsible individuals for the task in question can be designated by names)	management
3	Define working group's responsibilities and reporting lines Define the scope of the assessment by defining which approach will be taken, what is meant by the term 'corruption' and whether integrity issues are going to be included as well	working group
4 *	Select the way to collect all relevant information for risk identification and define methods to be used for risk identification	working group
5 *	Prepare methodological work plan, including templates of the planned assessment documents Set timeframes for individual activities and prepare time table of the assessment Communicate work plan and timeframes to the institution's management employees or other stakeholders Define the method for presentation of the CRA results Schedule workshops or other information gathering exercises (if applicable)	working group

6	<p>Formulate and communicate instruction to those contributing to the process, including:</p> <ul style="list-style-type: none"> a. explanation of the aims and nature of corruption risk assessment in force b. detailed information on the tasks to be undertaken c. explanation of templates to be completed (if they refer to contributing persons) d. information on the corruption risk assessment workshops and sessions (if applicable) and how to prepare for them 	working group, management
No.	Task / activity	Responsible person(s) / body
<p>Phase 2: Identification and analysis of risks - the result of this phase should be a clear list of identified risks and assessment which risk factors are under control and which are not and should be subsequently subject to risk management -</p>		
7	<p>Gather, review and analyse all existing internal and external documents and data relevant for the corruption risk assessment*</p> <p>Conduct workshops or other information gathering exercises focused on risk identification (if applicable)</p>	working group
8	<p>Consider in-depth the following questions: <i>which, where, when, why</i> and <i>how</i> events could prevent, degrade, delay or enhance the achievement of tasks and objectives (of institution, sector, project or working process)</p>	working group
9 *	<p>Based on the findings in previous steps, map areas to be assessed because of their vulnerability to corruption, integrity violations or other unethical behaviour. Pay special attention to:</p> <ul style="list-style-type: none"> ◆ sensitive processes, ◆ sensitive functions, and ◆ other areas and points where there is significant vulnerability to corrupt and unethical behaviour 	working group
10 *	<p>Identify and consider all groups of risk factors in every area:</p> <ul style="list-style-type: none"> ◆ external or systemic risk factors, ◆ institutional (organisational) factors and conditions, ◆ individual factors (personal base - staff), ◆ working processes and procedures. 	working group
11 *	<p>Consider relevant groups/types of risks that can be driven / facilitated by identified risk factors. Pay special attention to the following risks:</p> <ul style="list-style-type: none"> ◆ bribery risk, ◆ risk of abuse of power or position for private interests, ◆ risk of abuse of public resources for private interests, ◆ risks regarding the possible influences and claims for the public official to perform illegal or unethical conduct or for such official to be subject to psychological or physical violence to that end (external and internal pressure or influence), ◆ risk of conflict of interests, ◆ other risks regarding the special tasks or mission of the institution, project or working process or sectoral-specific risks. 	working group
12	<p>Identify risks that need to be managed (based on activities and findings in previous steps)</p>	working group



13	Evaluate existing controls in respect of identified risks (assess which of the existing measures are sufficient and effective and whether these measures are appropriate depending on the degree of likelihood and consequence that may arise)	working group
No.	Task / activity	Responsible person(s) / body
Phase 3: Measurement, evaluation and ranking of identified risks <i>- the final result of this phase should be assessment of each individual risk. This phase is tightly connected to the phase of identification and analysis of risks and provides basis for the next phase -</i>		
14 *	Measure or evaluate level of every identified risk, based on combination of likelihood of separate risk to occur and gravity of impact (detriment) in case of occurrence (e.g. using heat map) Asses possible risk interaction	working group
15 *	Prioritise risks according to the impact their occurrence (including interaction) may have	working group
16 *	Develop document with comprehensive assessment of each identified risk and its final evaluation (risk register)	working group
No.	Task / activity	Responsible person(s) / body
Phase 4: Risk management plan and risk register <i>- the final result of this phase should be a risk management plan and a risk register or other list of risks (all risks that exceed acceptable level and can as such impede or prevent the achievement of the objectives of the institution are inserted) -</i>		
17 *	Develop risk treatment and control activities (risk management plan) bearing in mind available resources (in terms of finance, staff/human resources etc.) Prepare recommendations for improvement of processes and procedures in risky areas Define measures for controlling identified risks and preventing their recurrence (including responsible persons and deadlines for implementation of those measures)	working group
18 *	Prepare risk management plan and set up priority list of risks to be addressed and measures to be taken	working group
19	Submit risk management plan with recommendations and measures to superior or top level management for adoption	working group (lead)
20	Establish risk register or similar document, including: ◆ the list of identified risks and factors that facilitate them, ◆ the list of adopted and accepted recommendations, measures and priorities for risk management, responsible persons and deadlines	working group
21	Present risk management plan, including risk register, to all employees or other stakeholder (comments are possible and the relevant ones can be added to the risk register)	working group, management
22	Prepare final report of the working group, including all relevant documents from CRA process	working group

No.	Task / activity	Responsible person(s) / body
Phase 5: Programme for monitoring and follow-up <i>- the final result of this phase is a system or mechanism for constant monitoring, updating and follow-up of risk register and risk management plan -</i>		
23	Develop mechanism for superior or top level management to constantly observe the implementation of the risk management plan	working group, management
24	Appoint integrity officer (if applicable or if not already appointed)	management
25	Inform the superior or top level management on development, issues, etc. regarding the risk management plan on a regular basis (it is advisable to prepare such reports every three months or more frequently, if needed)	integrity officer or other competent employee
26	Update CRA documents (including risk map and risk register) on a regular basis (update is advisable in a three months period or more frequent, if needed)	integrity officer, working group, management
27	Establish effective mechanism for communication between integrity officer, management and employees	integrity officer, management

6.4. EXPLANATION OF TERMS AND ACTIVITIES FROM METHODOLOGICAL POINT OF VIEW

6.4.1. METHODS FOR GATHERING RELEVANT INFORMATION - STEPS 4, 7 AND 8 OF THE FRAMEWORK METHODOLOGY

With regard to risk identification, in-depth information and data are crucial, including their analysis. In respect of the institution, sector or project's size (largeness) and complexity of its tasks, mission and working procedures, a person or the working group preparing corruption risk assessment can use and combine several different methods of work to gather relevant information for further identification and disclosure of all relevant risks. In most corruption risk assessments, a combination of secondary sources (legal-institutional analysis of key documents, desk research) and primary sources (surveys and questionnaires, focus groups, key informant interviews, checklists, etc.) is used for risk identification. Secondary sources are often used in the preliminary stages to give a picture of

the overall environment in a country, institution or sector, or to identify priority risk areas, and primary sources are used for deeper analysis of the more critical corruption risks (or perceived risks). In addition, some form of expert analysis is usually required to assess the level of risk (e.g. likelihood and probability of corruption).¹³⁹

More concretely, possible methods to gather relevant information that further (based on an in-depth analysis) facilitate identification of risks are the following:

¹³⁹ McDevitt, A.: Corruption Risk Assessment Topic Guide (2011), p. 4 (available on: http://gateway.transparency.org/files/uploads/Corruption_Risk_Assessment_Topic_Guide.pdf).

¹⁴⁰ See an example in "Annex 1: sample institutional risk questionnaire" developed in the scope of the Council of Europe Project against Corruption in Albania (PACA), Technical paper on 'Corruption Risk Assessment Methodology Guide', available on: http://www.coe.int/t/dghl/cooperation/economiccrime/corruption/projects/Albania/Technical%20Papers/PACA_TP%20202011-Risk%20Assessment%20Methodology.pdf.

Method	Possible sources of information
<p><i>gathering and analysing information that already exist within institution or sector</i></p> <p>considering, among others, the following issues:</p> <ul style="list-style-type: none"> ✦ What is the current situation? ✦ What controls, preventive mechanisms or training programs are in place? ✦ Are they efficient? ✦ Do public officials follow these procedures and take them seriously? ✦ What is the level of engagement / commitment of superior or management? 	<ul style="list-style-type: none"> ✦ internal or external audit reports, ✦ internal or external investigation reports, ✦ inspection reports and measures imposed to institution and/or its employees by supervisory state authorities, ✦ court decisions against institution's decisions or other activities in its work field, ✦ disciplinary or similar coercive measures against institution's employees, ✦ reports on incidents, ✦ records on staff or/and users complaints (e.g. complaints book) or other feedback, ✦ media reports on institution (and its employees) or sector, ✦ existing controlling mechanisms or solutions already in place for elimination of separate risks, ✦ other documents that contain relevant information for risk identification.
<p><i>using experience and skills of public officials or other employees</i></p>	<ul style="list-style-type: none"> ✦ personal interviews (officials should be asked to identify the ways that the existing controls could be annulled or bypassed), ✦ surveys and questionnaires,¹⁴¹ including risk identification sheets, ✦ focus group discussions.
<p><i>gathering and analysing experiences of similar institutions, sectors, projects or working processes</i></p>	<ul style="list-style-type: none"> ✦ publically available reports or other available sources, ✦ on-site visit or other way of direct contact, ✦ studies or reports on the experience in similar institutions, sectors, projects or working processes in the region and beyond, if available (this is useful to get a sense of possible range of corrupt behaviour that indicates possible corruption risks and risk factors).
<p><i>'What if' analysis or other method for discussing hypothetical scenarios for response if certain corruption risk occurs</i></p>	<ul style="list-style-type: none"> ✦ brainstorming, ✦ focus group discussions, ✦ establishment of narrowly focused sub-working groups.

Possible methods presented above are neither exclusive nor exhaustive. Other methods (such as, for example, workshops or other information gathering exercises focused on risk identification) can be used if they ensure identification and detection of all relevant risks in a concrete case.

are some areas, field, processes etc. that should be given special attention in this regard:

6.4.2. MAPPING OF AREAS TO BE ASSESSED - STEP 9 OF THE FRAMEWORK METHODOLOGY

Mapping of areas to be assessed is inseparably connected with the phase of risk identification. Here

Type	Example of area, field, process etc.
<i>sensitive processes</i>	<ul style="list-style-type: none"> ◆ specific administrative proceedings such as licensing, granting visas, permissions for work, personal documents or similar documents important for individuals, imposing duties and obligations to citizens (e.g. tax and customs duties), issuing binding opinions or decisions, management of queue lines or registers for public goods and benefits (such as social transfers, non-profit rental of immobility, public health services etc.), ◆ delegation of work, ◆ supervision over working processes, ◆ public procurement proceedings, ◆ recruitment or promotion of staff members, ◆ enforcement of fines or other sanctions for misdemeanours or other violations of law, ◆ initiation of criminal proceedings and adjudication (in judiciary sector), ◆ etc.
<i>sensitive functions</i>	<ul style="list-style-type: none"> ◆ public officials with a responsible role: <ul style="list-style-type: none"> ✦ superior, manager, ✦ supervisor, ✦ decision maker, ✦ official responsible for validation of decision, ✦ etc.
<i>other areas or points where there is significant vulnerability to corruption, breach of integrity or unethical behaviour</i>	<ul style="list-style-type: none"> ◆ financial and budgetary issues, ◆ sector-specific areas (when not part of the processes), ◆ investment decisions (when not part of the processes), ◆ processes or sectors with large public presence, ◆ other areas (dependent on the circumstances of a concrete case).

The areas that should be assessed depend primarily on the approach in a concrete case, i.e. what is the type and scope of CRA in question. Here are some examples:¹⁴¹

Subject of CRA		Examples of the areas to be assessed (they entirely depend on the circumstances of a concrete case)
Type	Example	
public sector institution	police	<ul style="list-style-type: none"> ◆ sensitive processes: <ul style="list-style-type: none"> ✦ all processes of daily police work (from traffic control to investigation of serious forms of crimes), ✦ supervision over work, ✦ recruitment procedures, ✦ public procurement procedures, ◆ sensitive functions: <ul style="list-style-type: none"> ✦ head of police, ✦ head of police units, ✦ high public officials of ministry responsible for police (usually ministry of interior), ◆ other areas: <ul style="list-style-type: none"> ✦ financial and budgetary issues, ✦ public relationship.
public sector	health sector	<ul style="list-style-type: none"> ◆ sensitive processes:¹⁴² <ul style="list-style-type: none"> ✦ investment decisions and procurement procedures for drugs and medical equipment, ✦ licensing of private health establishments, ✦ recruitment procedures , ✦ delegation of work, ✦ supervision over medical decisions, ◆ sensitive functions: <ul style="list-style-type: none"> ✦ medical personnel responsible for drug selection / licensing, ✦ heads of public healthcare institutions (such as hospitals, ambulances, also pharmacies), ✦ medical personnel responsible for setting professional guidelines in medical treatment and care, ✦ high officials of ministry responsible for health, ◆ other areas: <ul style="list-style-type: none"> ✦ finance and budgetary issues, ✦ management of queue lines for medical services, ✦ patient-doctor interaction, ✦ public relationship.

¹⁴¹ See for example U4: Corruption in health sector, p. 5 (available at: <http://www.u4.no/publications/corruption-in-the-health-sector-2/>, accessed on 19 September 2014) and the Project against Corruption in Albania (PACA), Technical paper on “Corruption Risk Assessment Methodology Guide” (p. 23 - 25 (available at: http://www.coe.int/t/dghl/cooperation/economiccrime/corruption/projects/Albania/Technical%20Papers/PACA_TP%202%202011-Risk%20Assessment%20Methodology.pdf).

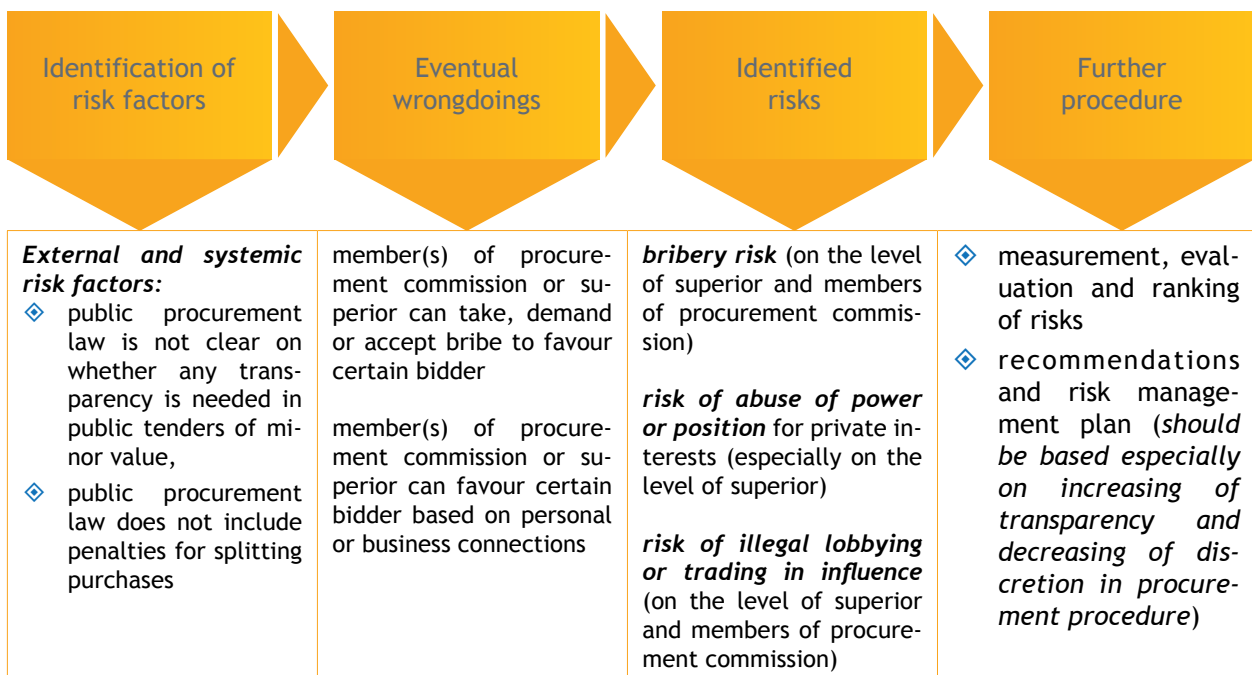
process	public procurement (in certain institution or sector)	<ul style="list-style-type: none"> ◆ sensitive processes: <ul style="list-style-type: none"> ✦ phase of preparing a public tender, including technical specifications and documentation, ✦ phase of preparing selection and award criteria, ✦ phase of invitation to tender or invitation to submit final bids (in restricted procedure, when applicable), ✦ competitive dialogue procedure (when applicable), ◆ sensitive functions: <ul style="list-style-type: none"> ✦ members of procurement commission and other staff engaged in preparation of technical specifications and documentation, ✦ head of contracting authority, ◆ other areas: <ul style="list-style-type: none"> ✦ preparing of public procurement legislation, ✦ finance and budgetary issues.
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6.4.3. IDENTIFICATION OF RISKS - STEP 10 OF THE FRAMEWORK METHODOLOGY

Identification of risks is closely connected with eventual wrongdoings that can occur as a consequence of identified risk factors. After risk factors in every process, function or other area under assessment are identified, it is essential to identify eventual wrongdoings (corrupt behaviour, integrity breaches, other unethical breaches etc.) that can

stem from those risk factors. Based on identified possible wrongdoings, working group can create a list of corruption risks, evaluate level of each risk and develop measures to address those factors and risks.

If the subject matter of corruption risk assessment is e.g. public procurement procedure in a public sector institution, the phase of risk identification should be basically based on the following steps (in all steps, the specificities and characteristics of concrete institution should be considered; this is a purely hypothetical example):



<p>Organisational risk factors:</p> <ul style="list-style-type: none"> ◆ no internal regulation prescribes due dealing with bids before they are publically or officially opened, ◆ no procedure on how members of procurement commissions are appointed, ◆ no internal regulation/instruction exist on how to proceed in case of conflict of interest, ◆ internal regulation allows superior to chose contractor other than the one proposed by procurement commission, <p>Individual risk factors</p> <ul style="list-style-type: none"> ◆ - several employees complain about low salaries, <p>Working processes risk factors</p> <ul style="list-style-type: none"> ◆ - procurement commission is not obliged to keep minutes on decision making, ◆ - superior is not obliged to document his/her final decision on contractor. 	<p>member(s) of procurement commission or superior can manipulate the public procurement procedure or decision in favour of one bidder based on his/her generous behaviour during the procedure (gifts, hospitality etc.)</p> <p>member(s) of procurement commission or superior can manipulate the public procurement procedure or decision based on their personal proneness to certain product (e.g. certain mark of product)</p> <p>Etc.</p>	<p>risk of conflict of interests (on the level of superior and members of procurement commission)</p>	<ul style="list-style-type: none"> ◆ monitoring and follow up
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6.4.4. EXAMPLES OF TYPICAL CORRUPTION AND INTEGRITY RISK AND RISK FACTORS IN PUBLIC SECTOR AND EXAMPLES OF MEASURES TO MANAGE THEM - RELEVANT FOR STEPS 10, 11 AND 17 OF THE FRAMEWORK METHODOLOGY

Below are some typical corruption and integrity risks, typical risk factors that can facilitate them,¹⁴² and some possible measures to suppress them. The risks and risks factors that can, as a rule, occur in different areas and levels inside the public sector (i.e. in individual public sector institutions, specific sectors, projects, working processes, etc.) are selected. As it was already emphasized in the introductory part,¹⁴³ only general content and predictable features of corruption and integrity risks and risk factors can be presented on a general level (including the papers such as this).

¹⁴² For the examples of risk factors, see also subchapter 2.2.2.

¹⁴³ See subchapter 2.2.3.

As regards measures and recommendations for improving processes and procedures in the risky areas and measures to suppress the identified corruption risks, they can be of legal or of practical nature and can refer to:

- ▶ legislation, regulation or rules that are not *de facto* applied or are not implemented efficiently and consistently,
- ▶ areas that are over- or under- regulated,
- ▶ internal policies,
- ▶ employees or human resources management,
- ▶ conditions or criteria for employment or promotion of employees in public sector,
- ▶ working procedures and processes,
- ▶ general governance of the institution, sector or project,
- ▶ financial operation,
- ▶ strengthening of integrity, expert knowledge and ethical behaviour of public officials,
- ▶ other measures appropriate for coping or prevention of corruption, integrity violations and other illegal or unethical behaviour or practice in public sector.

Some ideas of measures and recommendations are presented in relation to the risks below; however, they are only meant *as guide-points given that the measures are in the first place dependent on the level of the risk in a concrete case*. If the level of the risk is high, stricter or even repressive measures are needed; if the risk level is low, preventive measures such as training, awareness raising, soft supervision, etc. might be sufficient. In practice, it is recommended for every risk factor and risk to identify and use all measures that are legal and are expected to give positive results in terms of mitigating the degree or level of risk.

6.4.4.1. BRIBERY RISK

Bribery risk (i.e. the most serious and at the same time typical corruption risk) includes:

- ▶ risk of public official or employee taking or demanding a bribe or accepting an offer or promise of a bribe or other undue advantage for a legal decision or breach of duty within his or her position in the public sector.

Possible risk factors that can facilitate the risk (typical)	Possible measures (general) to address risk factors and mitigate, suppress or eliminate risk
<p><i>external and systemic risk factors:</i></p> <ul style="list-style-type: none"> ◆ absence of basic legal framework needed to fight corruption, including strict incrimination of bribery criminal offences, rules on asset declaration, free access to public information rules and whistleblower system, ◆ absence of penalties for breaching anti-corruption laws and regulation, ◆ inefficient law enforcement and prosecution, ◆ poor or bad understanding of due public sector functioning by potential bribe-givers, ◆ unclear wording in relevant legislation, that enables corrupt interpretations of law, 	<p><i>Dependent on the risk level in a concrete case, the following measures might be used:</i></p> <p><i>systemic level:</i></p> <ul style="list-style-type: none"> ◆ clear incrimination and effective, proportionate sanctions for bribery criminal offences, ◆ adopting or improving anti-corruption legislation (including rules on asset declaration, free access to public information or similar rules on public sector transparency, and proportionate penalties for breaching anti-corruption laws and regulation) and ensuring its efficient implementation,



<p><i>organisational risk factors:</i></p> <ul style="list-style-type: none"> ◆ chronic failure to follow existing institutional policies, procedures or systems (including top level public officials), ◆ bad or inconsistent internal acts and regulation, ◆ inadequate oversight or supervision mechanisms, ◆ supervisors/management don't recognise that corrupt activity is happening or they facilitate corruption by tolerating low level non-compliance with all kind of rules (when not themselves engaged in it), ◆ poor organisational culture including unclear messages about what is acceptable and examples set by management, ◆ public officials have high level of power or influence, not consistent with their actual position, <p><i>individual risk factors:</i></p> <ul style="list-style-type: none"> ◆ lack of integrity, ◆ inadequate work review or supervision over concrete public official, ◆ feelings of dissatisfaction or perceptions of unfairness at work (including low salary), <p><i>working process risk factors:</i></p> <ul style="list-style-type: none"> ◆ public official is having high level of personal discretion and autonomy in decision making, ◆ non-transparent or unrecorded decision making, ◆ poor organisation of working processes, ◆ lack of vertical or horizontal controls inside working processes. ◆ etc. 	<ul style="list-style-type: none"> ◆ establishing whistleblower system and protection, ◆ measures / rules for strengthening responsibilities of superiors or other top level public officials, ◆ measures for strengthening role and efficiency of law enforcement and prosecution, ◆ awareness raising programmes for public or different stakeholders, ◆ corruption proofing of laws and regulation, ◆ etc, <p><i>organisational (institutional, project, etc.) level including working processes and individual factors:</i></p> <ul style="list-style-type: none"> ◆ adoption or improvement of internal policies, rules and regulations with strong anti-bribery connotation, including written standards such as the code of conduct and anti-corruption policies), ◆ establishment of efficient oversight, supervision, review or audit anti-corruption mechanisms (regular and random) in all levels or processes, including additional supervision of public officials on positions that are exposed to higher bribery risk, ◆ introduction of transparency into all internal processes - proper records should be kept for all decisions, and also reasons for all important decisions should be documented, including name(s) of person(s) responsible for the decision, ◆ establishment of complete electronic audit trail regarding electronic documents (on their creation, access, copy, print, altering and/or deletion) and regular supervision of this trail, ◆ clear rules on organisational structure and reporting lines (especially rules on who public officials report to, and are supervised by), ◆ verification system of key decisions, ◆ mandatory rotation of public officials in high bribery risk positions, ◆ employee background checks, ◆ anti-corruption and integrity trainings, ◆ etc.
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6.4.4.2. RISK OF ABUSE OF POWER OR POSITION FOR PRIVATE INTERESTS

Risk of abuse of power or position for private interests includes (some forms can overlap with bribery):

- ▶ nepotism,
- ▶ cronyism,
- ▶ patronage,
- ▶ other forms of favouritism,
- ▶ irregularities in public sector recruitment procedures,

- ▶ self-dealing,
- ▶ shirking,
- ▶ falsification of information in institution databases for private interests and
- ▶ similar forms of abuse of power in public sector.

Possible risk factors that can facilitate the risk (typical)	Possible measures (general) to address risk factors and mitigate, suppress or eliminate risks
<p><i>external and systemic risk factors:</i></p> <ul style="list-style-type: none"> ◆ absence of basic legal framework needed to fight corrupt forms of abuse of power or integrity breaches, including absence of meritocratic hiring rules and whistleblower system, ◆ absence of penalties for breaching anti-corruption or integrity laws and regulation, ◆ unclear competences of authorities, ◆ unadjusted or disharmonized work of public sector institutions, <p><i>organisational risk factors:</i></p> <ul style="list-style-type: none"> ◆ poor strategic and operational guidelines (policy) or inadequate policies, procedures or systems, including weak managerial and administrative measures and absence of rules that promote ethical behaviour and transparency, ◆ chronic failure to follow existing policies, procedures or systems (including top level public officials), ◆ bad or inconsistent internal acts and regulation, ◆ inadequate or weak work review, oversight and audit mechanisms, ◆ superior or management don't sufficiently understand the work to recognise that abuse of power is happening or they facilitate such activity by tolerating low level non-compliance with all kinds of rules (when not themselves engaged in it), ◆ public officials have high level of power or influence, not consistent with their actual position, <p><i>individual risk factors:</i></p> <ul style="list-style-type: none"> ◆ lack of integrity, ◆ inappropriate relationships with clients, 	<p><i>Dependent on the risk level in concrete case, the following measures might be used:</i></p> <p><i>systemic level:</i></p> <ul style="list-style-type: none"> ◆ adopting or improving anti-corruption legislation (including clear rules on public sector recruitment, transparency rules and effective, proportionate and dissuasive penalties for any form of abuse of power) and ensuring its efficient implementation, ◆ establishing whistleblower system and protection, ◆ measures / rules for strengthening responsibilities of superiors or other top level public officials, ◆ efficient, proportionate and dissuasive criminal, civil (including labour) or administrative sanctions for different types of abuse of power, ◆ etc, <p><i>organisational (institutional, project etc.) level including working processes and individual factors:</i></p> <ul style="list-style-type: none"> ◆ broad advertising of public sector positions, preparation of appropriate selection criteria and their publication in advance, ◆ verification system of key decisions, ◆ introduction of transparency into all internal processes - proper records should be kept for all decisions, and also reasons for all important decisions should be documented, including name(s) of person(s) responsible for the decision, ◆ clear rules on organisational structure and reporting lines (especially rules on who public officials report to, and are supervised by),

<p><i>working process risk factors:</i></p> <ul style="list-style-type: none"> ◆ public officials have high level of personal discretion and autonomy in decision making, ◆ non-transparent or unrecorded decision making, ◆ lack of vertical or horizontal controls in working processes. 	<ul style="list-style-type: none"> ◆ establishment of efficient oversight, supervision or review mechanisms (regular and random) in all levels or processes, including additional supervision of public officials on positions that are exposed to greater risk of abuse of power, ◆ introduction of safeguard measures such as anticipated workload (per day, week or month), electronic registration of presence at work etc., and efficient supervision over it, ◆ establishment of complete electronic audit trail regarding electronic documents (on their creation, access, copy, print, altering and/or deletion) and regular supervision of this trail, ◆ mandatory rotation of public officials in key positions, ◆ anti-corruption and integrity trainings, ◆ etc.
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6.4.4.3. RISK OF ABUSE OF PUBLIC RESOURCES FOR PRIVATE INTERESTS

Risk of abuse of public resources for private interests includes (some forms can overlap with bribery or abuse of power):

- ▶ misappropriation,
- ▶ embezzlement,
- ▶ other forms of (ab)using public resources (e.g. work time, vehicle, office equipment, etc.) for private interests,

- ▶ irregularities in public procurements such as kickback, bid-rigging, excluding qualified bidders, leaking a bid information to help a favoured bidder, manipulation of bids, split purchase, fraudulent invoicing (they can overlap especially with bribery), and
- ▶ other forms of abuse of public resources for private interest or gain

Possible risk factors that can facilitate the risk (typical)	Possible measures (general) to address risk factors and mitigate, suppress or eliminate risks
<p><i>external and systemic risk factors:</i></p> <ul style="list-style-type: none"> ◆ absence of basic legal framework needed to fight corruption such as asset disclosure rules, ◆ inefficient law enforcement and prosecution, ◆ inefficient or incompetent oversight institutions, ◆ non-transparent public finance processes, 	<p><i>Dependent on the risk level in concrete case, the following measures might be used:</i></p> <p style="text-align: center;"><i>systemic level:</i></p> <ul style="list-style-type: none"> ◆ adopting or improving anti-corruption legislation (including rules on asset declaration) and ensuring its efficient implementation, ◆ measures for strengthening role and efficiency of law enforcement and prosecution, ◆ efficient and dissuasive criminal or/and civil-law sanctions for all kinds of misuse of public funds, ◆ etc,

<p><i>internal (organisational) risk factors:</i></p> <ul style="list-style-type: none"> ◆ bad or inconsistent internal acts and regulation, ◆ inadequate work review, oversight and audit mechanisms, ◆ superior / management don't sufficiently understand the work to recognise that abuse of public funds is happening or they facilitate such activity by tolerating low level non-compliance with all kinds of rules (when not themselves engaged in it), ◆ public officials have high level of power or influence, not consistent with their actual position, <p><i>individual risk factors:</i></p> <ul style="list-style-type: none"> ◆ lack of integrity, ◆ inadequate supervision or work review over concrete public official, <p><i>working process risk factors:</i></p> <ul style="list-style-type: none"> ◆ public officials have high level of personal discretion and autonomy in decision making, ◆ non-transparent or unrecorded decision making, ◆ lack of vertical or horizontal controls in working processes. ◆ etc. 	<p><i>organisational (institutional, project etc.) level including working processes and individual factors:</i></p> <ul style="list-style-type: none"> ◆ consistent policy guidelines regarding use of allocated resources including clear rules that public officials are not permitted to approve allocation of resources to themselves, ◆ verification system of key decisions on public resources disposal, ◆ introduction of transparency into all internal processes - proper records should be kept for all decisions, and also reasons for all important decisions should be documented, including name(s) of person(s) responsible for the decision, ◆ clear rules on organisational structure and reporting lines (especially rules on who public officials report to, and are supervised by), ◆ establishment of independent and efficient internal audit service or improvement of its independence and efficiency, ◆ additional supervision of public officials on positions that are exposed to greater risk of abuse of public resources, ◆ establishment of complete electronic audit trail regarding electronic financial documents (on their creation, access, copy, print, altering and/or deletion) and regular supervision of this trail, ◆ full internal and external transparency of public procurement procedures, ◆ anti-corruption and integrity trainings, ◆ etc.
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6.4.4.4. RISK OF ILLEGAL OR UNETHICAL EXTERNAL INFLUENCE OR PRESSURE ON PUBLIC OFFICIAL

- ▶ illegal or unethical lobbying,
- ▶ pressures connected with trading in influence,
- ▶ other forms of external pressure on public official.

Risk of illegal or unethical external influence or pressure on public official includes:

Possible risk factors that can facilitate the risk (typical)	Possible measures (general) to address risk factors and mitigate, suppress or eliminate risks
<p><i>external and systemic risk factors:</i></p> <ul style="list-style-type: none"> ◆ bad or inconsistent legislation regulating certain sector, working field of the public sector institution, specific project etc., 	<p><i>Dependent on the risk level in a concrete case, the following measures might be used:</i></p>

<ul style="list-style-type: none"> ◆ absence of basic legal framework needed to fight corruption such is clear lobbying regulation, ◆ inefficient law enforcement and prosecution, ◆ inefficient or incompetent oversight institutions, ◆ poor or bad understanding of proper public sector functioning by external community, <p><i>internal (organisational) risk factors:</i></p> <ul style="list-style-type: none"> ◆ unclear mandate of institution, project, etc. ◆ superiors or management don't sufficiently understand the work to recognise that external pressure is happening, ◆ inadequate or insufficient knowledge, skills or experience of public officials or related superiors or managers to resist or oppose the pressure, ◆ insufficient support mechanisms for public officials when exposed to external pressure, <p><i>individual risk factors:</i></p> <ul style="list-style-type: none"> ◆ lack of knowledge (e.g. on lobbying regulation), ◆ lack of practical skills (inexperience), ◆ inadequate knowledge, skills of experience on how to resist pressure, ◆ pressures in the work environment, ◆ inappropriate relationships with clients, <p><i>working process risk factors:</i></p> <ul style="list-style-type: none"> ◆ public officials are having high level of personal discretion and autonomy in decision making, ◆ non-transparent or unrecorded decision making, ◆ poor organisation of working processes, ◆ lack of vertical or horizontal controls in working processes. ◆ etc. 	<p><i>systemic level:</i></p> <ul style="list-style-type: none"> ◆ adopting or improving anti-corruption legislation (including rules on lobbying) and ensuring its efficient implementation, ◆ measures / rules for strengthening responsibilities of superiors or other top level public officials, ◆ measures for strengthening role and efficiency of law enforcement and prosecution, ◆ efficient and dissuasive criminal or administrative sanctions for illegal lobbying, illegal trading in influence or illegal forms of pressure, ◆ awareness raising programmes for public or different stakeholders on lobbying, ◆ etc, <p><i>organisational (institutional, project etc.) level including working processes and individual factors:</i></p> <ul style="list-style-type: none"> ◆ adoption or improvement of internal policies, rules and regulations regarding dealing with external pressure and introduction of efficient safeguards against external pressure, ◆ introduction of transparency into all internal processes - proper records should be kept for all decisions, and also reasons for all important decisions should be documented, including name(s) of person(s) responsible for the decision, ◆ clear rules on organisational structure and reporting lines (who public officials report external pressure to, and who will advise them further proceeding), ◆ establishment of efficient support mechanisms in all levels or processes, including additional support for public officials on positions that are exposed to greater risk of external pressure, ◆ verification system of key decisions, ◆ anti-corruption and integrity trainings, trainings on how to resist pressure, ◆ etc.
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6.4.4.5. RISK OF ILLEGAL OR UNETHICAL INTERNAL INFLUENCE OR PRESSURE ON PUBLIC OFFICIAL

Risk of illegal or unethical internal influence or pressure on public official includes:

- ▶ various forms of illegal influences on subordinated public officials to violate or abandon their due conduct,
- ▶ risk of taking detrimental actions against potential whistle-blowers, etc.

Possible risk factors that can facilitate the risk (typical)	Possible measures (general) to address risk factors and mitigate, suppress or eliminate risks
<p><i>external and systemic risk factors:</i></p> <ul style="list-style-type: none"> ◆ absence of basic legal framework needed to fight corruption such as whistleblower system and protection), ◆ inefficient law enforcement and prosecution, ◆ inefficient or incompetent oversight institutions, <p><i>internal (organisational) risk factors:</i></p> <ul style="list-style-type: none"> ◆ poor strategic and operational guidelines (policy) or inadequate policies, procedures or systems, ◆ chronic failure to follow existing policies, procedures or systems, ◆ bad or inconsistent internal acts and regulation, ◆ inadequate work review, oversight and audit mechanisms, ◆ poor organisational culture (especially unclear messages about what is acceptable, examples set by management, inappropriate attitude to subordinates), <p><i>individual risk factors:</i></p> <ul style="list-style-type: none"> ◆ lack of knowledge (e.g. on whistle-blowers protection), ◆ lack of integrity by superiors, ◆ inadequate knowledge, skills or experience of public officials to resist pressure, ◆ pressures in the work environment, ◆ inadequate supervision or work review, <p><i>working process risk factors:</i></p> <ul style="list-style-type: none"> ◆ non-transparent or unrecorded decision making, ◆ poor organisation of working processes, ◆ unconnected working processes and procedural gaps, causing in between no sense for responsibility or ignorance of competences, ◆ lack of vertical or horizontal controls in working processes. ◆ etc. 	<p><i>Dependent on the risk level in a concrete case, the following measures might be used:</i></p> <p><i>systemic level:</i></p> <ul style="list-style-type: none"> ◆ adopting or improving anti-corruption legislation (including rules on whistleblower protection and anti-mobbing rules) and ensuring its efficient implementation, ◆ measures / rules for strengthening responsibilities of superiors or other top level public officials, ◆ measures for strengthening role and efficiency of law enforcement and prosecution, ◆ efficient and dissuasive criminal or administrative sanctions for mobbing or other forms of internal pressure, ◆ awareness raising programmes on anti-mobbing and whistle-blowing, ◆ etc, <p><i>organisational (institutional, project etc.) level including working processes and individual factors:</i></p> <ul style="list-style-type: none"> ◆ introduction of efficient safeguards against internal pressure, such as written notifications of duties and responsibilities, verification system of key decisions etc., ◆ anonymous staff surveys for assessing workplace satisfaction and culture, and adequate measures based on findings, ◆ effective appeal system and anti-mobbing measures, ◆ introduction of transparency into all internal processes - proper records should be kept for all decisions, and also reasons for all important decisions should be documented, including name(s) of person(s) responsible for the decision, ◆ establishment of complete electronic audit trail regarding electronic documents (on their creation, access, copy, print, altering and/or deletion) and regular supervision of this trail, ◆ clear rules on organisational structure and reporting lines on who public officials report to, and are supervised by,

	<ul style="list-style-type: none"> ◆ establishment of efficient oversight, supervision or review mechanisms (regular and random) in all levels or processes, including additional supervision of public officials on positions that are exposed to risk of internal pressures, ◆ anti-corruption, integrity and anti-mobbing trainings, ◆ etc.
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6.4.4.6. RISK OF CONFLICT OF INTERESTS

Risk of conflict of interests includes:

- ▶ risk that - when there is a conflict between his or her public duty and private interest - public official will favour his or her private (personal) interests instead of duty to act in the public interest),

- ▶ risk of incompatible offices,
- ▶ risk of illegal acceptance of gifts, benefits or favours when they do not constitute a bribe,
- ▶ etc.

Possible risk factors that can facilitate the risk (typical)	Possible measures (general) to address risk factors and mitigate, suppress or eliminate risks
<p><i>external and systemic risk factors:</i></p> <ul style="list-style-type: none"> ◆ bad or inconsistent legislation regulating certain sector, working filed of the public sector institution, specific project etc., ◆ absence of conflict of interest laws, ◆ inefficient or incompetent oversight institutions, <p><i>internal (organisational) risk factors:</i></p> <ul style="list-style-type: none"> ◆ poor strategic and operational guidelines (policy) or inadequate policies, procedures or systems, ◆ chronic failure to follow existing policies, procedures or systems, ◆ inadequate work review, oversight and audit mechanisms, ◆ poor organisational culture (this includes unclear messages about what is acceptable, examples set by management, lack of reinforcement of ethical behaviour etc.), <p><i>individual risk factors:</i></p> <ul style="list-style-type: none"> ◆ lack of knowledge (e.g. ignorance of conflict of interests rules), ◆ lack of integrity (immorality), ◆ omission of conflicts of interest declaration (where provided), 	<p><i>Dependent on the risk level in a concrete case, the following measures might be used:</i></p> <p style="text-align: center;"><i>systemic level:</i></p> <ul style="list-style-type: none"> ◆ adopting or improving anti-corruption legislation (including conflict of interests laws) and ensuring its efficient implementation, ◆ measures / rules for strengthening responsibilities of superiors or other top level public officials, ◆ efficient and dissuasive criminal or administrative sanctions for acting in any form of conflict of interests, ◆ awareness raising programmes on conflict of interests and due avoidance, ◆ etc, <p><i>organisational (institutional, project etc.) level including working processes and individual factors:</i></p> <ul style="list-style-type: none"> ◆ reference to conflict of interests in relevant internal documents, including policy documents and codes of conduct,

- ◆ inadequate supervision or work review of concrete public official,
- working process risk factors:*
- ◆ non-transparent or unrecorded decision making,
- ◆ lack of vertical or horizontal controls in working processes.
- ◆ etc.

- ◆ obligation of public officials to complete (annually or at another appropriate time) a statement of private interests (secondary employment, business dealing, shares etc.) and/or asset declaration,
- ◆ establishment of a register of gifts, benefits or favours given to public officials (not in form of a bribe, but as a token of gratitude etc.),
- ◆ verification system of key decisions,
- ◆ introduction of transparency into all internal processes - proper records should be kept for all decisions, and also reasons for all important decisions should be documented, including name(s) of person(s) responsible for the decision,
- ◆ establishment of complete electronic audit trail regarding electronic documents (on their creation, access, copy, print, altering and/or deletion) and regular supervision of this trail,
- ◆ clear rules on organisational structure and reporting lines (especially on who public officials report to, and are supervised by),
- ◆ establishment of efficient oversight, supervision or review mechanisms (regular and random) in all levels or processes, including additional supervision of public officials that are - on the basis of available information, e.g. statement of private interests - exposed to greater risk of conflict of interests,
- ◆ establishment of a public register of gifts, benefits or favours given to public officials (not in form of a bribe, but as a token of gratitude etc.),
- ◆ anti-corruption and integrity trainings,
- ◆ etc.

6.4.4.7. RISK OF (OTHER) ILLEGAL OR UNETHICAL BEHAVIOUR

Risk of (other) illegal or unethical behaviour that can threaten the mandate, objectives or reputation of public sector as a whole or particular institution, sector, project or working process includes:

- ▶ risk of irresponsible, negligent, careless or unethical performance of duties in public sector,

- ▶ risk of political corruption such as vote buying at elections & campaign finance improprieties,
- ▶ corruption risks arising from sponsorship or donations,
- ▶ risk of revolving door,
- ▶ etc.



Possible risk factors that can facilitate the risk (typical)	Possible measures (general) to address risk factors and mitigate, suppress or eliminate risks
<p><i>external and systemic risk factors:</i></p> <ul style="list-style-type: none"> ◆ bad or inconsistent legislation regulating certain sector, working field of the public sector institution, specific project etc., ◆ absence of basic legal framework needed to fight corruption and strengthen integrity (including free access to public information laws, political campaign financing laws, codes of conduct, transparency laws etc.), ◆ absence of administrative or labour penalties, ◆ unclear wording in relevant legislation (enabling excuses for bad work, doubtful interpretation of laws etc.), ◆ unclear competences of authorities (enabling excuses for bad work), ◆ inefficient or incompetent oversight institutions, <p><i>internal (organisational) risk factors:</i></p> <ul style="list-style-type: none"> ◆ poor strategic and operational guidelines (policy) or inadequate policies, procedures or systems, ◆ chronic failure to follow existing policies, procedures or systems, ◆ unclear mandate of institution, project, etc. ◆ bad or inconsistent internal acts and regulation, including absence of rules and procedures that promote ethical behaviour and transparency in organisation and its procedures and processes, ◆ inadequate or weak work review, oversight and audit mechanisms, ◆ absence of warning and alert systems in case of irregularities, ◆ failures of management at all levels (supervisors, middle managers or senior management either don't sufficiently understand the work to recognise that work is not done properly or they facilitate such activity by tolerating low level non-compliance with all kinds of rules), ◆ poor organisational culture (unclear messages about what is acceptable, examples set by management, inappropriate attitude to colleagues or subordinates, lack of reinforcement of ethical behaviour, bad office habits and other uncultured workplace practices), 	<p><i>Dependent on the risk level in concrete case, the following measures might be used:</i></p> <p><i>systemic level:</i></p> <ul style="list-style-type: none"> ◆ adopting or improving anti-corruption and integrity legislation (including free access to public information laws, political campaign financing laws, codes of conduct, transparency laws, etc.) and ensuring its efficient implementation, including efficient, proportionate and dissuasive penalties for disciplinary offences or other breaches, ◆ measures / rules for strengthening responsibilities of superiors or other top level public officials, ◆ measures for strengthening role and efficiency of law enforcement and prosecution, ◆ awareness raising programmes for public or different stakeholders, ◆ corruption proofing of laws, ◆ etc, <p><i>organisational (institutional, project etc.) level including working processes and individual factors:</i></p> <ul style="list-style-type: none"> ◆ adoption or improvement of internal policies, rules and regulations with strong integrity connotation, ◆ introduction of transparency into all internal processes - proper records should be kept for all decisions, and also reasons for all important decisions should be documented, including name(s) of person(s) responsible for the decision, ◆ establishment of complete electronic audit trail regarding electronic documents (on their creation, access, copy, print, altering and/or deletion) and regular supervision of this trail, ◆ clear rules on organisational structure and reporting lines (especially on who public officials report to, and are supervised by), ◆ establishment of efficient oversight, supervision or review mechanisms (regular and random) in all levels or processes,

- ◆ inadequate knowledge, skills or experience of public officials or related superiors or managers,
- ◆ inadequate human, finance, time etc. institutional resources,

individual risk factors:

- ◆ lack of knowledge (ignorance),
- ◆ lack of integrity (immorality),
- ◆ lack of practical skills (inexperience),
- ◆ pressures in the work environment,
- ◆ inadequate supervision or work review of concrete public official,
- ◆ inappropriate relationships with clients,
- ◆ feelings of dissatisfaction or perceptions of unfairness at work,

working process risk factors:

- ◆ non-transparent or unrecorded decision making,
- ◆ poor organisation of working processes,
- ◆ unconnected working processes and procedural gaps, causing in between no sense for responsibility or ignorance of competences),
- ◆ lack of vertical or horizontal controls in working processes.
- ◆ etc.

- ◆ written notifications of duties and responsibilities,
- ◆ verification system of key decisions,
- ◆ introduction of other possible safeguards against bad work (e.g. rotation of duties), including effective sanctions, where appropriate,
- ◆ establishment of clear policy and rules regarding sponsorships or donations, including public register of sponsorships or donations,
- ◆ constant education and training of public officials in their field of work,
- ◆ anti-corruption and integrity trainings,
- ◆ etc.

6.4.5. OPTIONS FOR PRESENTATION OF RISK ASSESSMENT RESULTS - STEP 5 AND 22 OF THE FRAMEWORK METHODOLOGY

The results of a risk assessment can be presented in a number of ways. In some cases, risks are visualised through a corruption risk map which highlights key stages, actors and/or relationships in the process under analysis. Another visual tool is the corruption risk matrix which is often used to prioritize risks. Often, results are either presented in tabular form or as a checklist. Where the risk assessment is part of a broader risk management framework, these inform what preventative action needs to be taken to mitigate the most critical risks.¹⁴⁴ Some examples are provided below. In a concrete case, it is reasonable to choose the type of presentation of risk assessment results that best suits the circumstances of that case.

¹⁴⁴ McDevitt, A.: Corruption Risk Assessment Topic Guide (2011), p. 3 (available on: http://gateway.transparency.org/files/uploads/Corruption_Risk_Assessment_Topic_Guide.pdf).

6.4.6. EXAMPLE OF A TEMPLATE HEAT MAP-RELEVANT FOR STEPS 5 AND 14 OF THE METHODOLOGY

Heat map is used for overall risk evaluation and not for assessing individual risk factors. Assessment of risk level is based on a combination of likelihood of an event occurring and the impact if the event occurs.

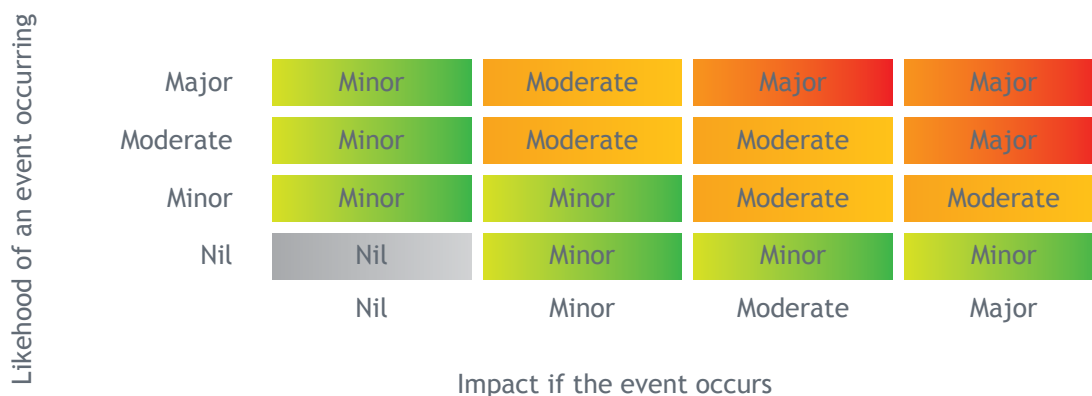
Likelihood of the risk occurring is assessed using a heat map with e.g. following scores (also additional or different scores are possible - insignificant, huge etc.):

- ▶ **Nil** (also **Zero**) - possibility of a risk factor occurring does not exist (risk factor is not identified/applicable);
- ▶ **Minor** (also **Low**) - risk factor has never occurred before, or it has occurred very seldom in the past;
- ▶ **Moderate** (also **Medium**) - risk factor could occur or could repeat several times;
- ▶ **Major** (also **High**) - risk factor will occur and will repeat several times.

Impact (consequences) of the risk occurring is assessed using a heat map with e.g. following scores (also additional or different scores are possible - insignificant, catastrophic, etc.):

- ▶ **Nil** (also **Zero**) - consequence does not exist (consequence is not identified/applicable);
- ▶ **Minor** (also **Low**) - there are practically no consequences, only minor regulations are necessary to eliminate risk factor

- ▶ **Moderate** (also **Medium**) - consequences are somewhat significant for the organisation as problematic activities have to be reorganised and damage has to be treated;
- ▶ **Major** (also **High**) - consequences are significant, core activities have to be reorganised, significant funds are necessary to treat damage.



When developing risk map or similar visualization tool for presenting specific risks, for example this scale can be used:



6.4.7. TEMPLATE OF COMPREHENSIVE RISK ASSESSMENT AND ITS EVALUATION (RISK REGISTER) - STEPS 12 TO 17 OF THE FRAMEWORK METHODOLOGY


Please note (!): source of this template is Integrity plan sample prepared by the Commission for the Prevention of Corruption of the Republic of Slovenia.¹⁴⁵ The risk factors are the ones which are recognizable in the Republic of Slovenia and do not necessarily exist in other countries given that the risk factors are always dependent on the circumstances of a concrete case. In this sample, a

template for assessment of some other risks is also available (i.e. for unlawful receipt of gifts, restriction on business activities due to the conflict of interest, illegal lobbying, protection of whistleblowers and risks in public procurement). **Such assessment should be done for all corruption risks identified in a concrete case, of course, adequately concretized and adapted to a given case.**

¹⁴⁵ The whole Integrity plan sample is available on <https://www.kpk-rs.si/en/prevention> (English version) and <https://www.kpk-rs.si/sl/preventiva-in-nacrt-integritete/nacrt-integritete/izdelava-nacrt-integritete> (Slovenian version).

NAME OF THE RISK: CONFLICT OF INTEREST					
No.	RISK FACTORS (examples)	EXISTING MEASURES	RISK FACTOR ANALYSIS	OVERALL RISK ASSESSMENT	RECOMMENDED MEASURES (examples)
1	Regulation exists (<i>name it</i>) but it is not being used in the institution		<input type="checkbox"/> managed <input type="checkbox"/> partly managed <input type="checkbox"/> not managed	<p>Likelihood: </p> <p>Consequence: </p> <p>Overall risk assessment: </p>	Establish the reason for not complying with the legal regulation, consideration of eventual formal dilemmas, adoption of measures to suppress reasons
2	Employees are not acquainted with the regulation (<i>name it</i>) regarding conflict of interest		<input type="checkbox"/> managed <input type="checkbox"/> partly managed <input type="checkbox"/> not managed		Training of employees
3	Lack of attention of public officials on the actual or potential conflict of interest		<input type="checkbox"/> managed <input type="checkbox"/> partly managed <input type="checkbox"/> not managed		Analysis of complaints and other cases where the question of exclusion of officers is claimed, periodic supervision
4	Using the office or service to achieve illegal private interest for himself or another person		<input type="checkbox"/> managed <input type="checkbox"/> partly managed <input type="checkbox"/> not managed		Training of employees, presentation of good practices, adoption of code of conduct
5	Lack of notification of the head of the institution or commission about the existence of conflict of interest (real or potential) at the start or during employment		<input type="checkbox"/> managed <input type="checkbox"/> partly managed <input type="checkbox"/> not managed		Adoption of code of conduct, training of employees, presentation of good practices
6	Employees do not cease the case where conflict of interest was found		<input type="checkbox"/> managed <input type="checkbox"/> partly managed <input type="checkbox"/> not managed		Training of employees, presentation of good practices, adoption of code of conduct
7	Head of the institution does not act although s/he was informed of conflict of interest		<input type="checkbox"/> managed <input type="checkbox"/> partly managed <input type="checkbox"/> not managed		Establish the reason for inactivity, presentation of good practices for increasing responsibility, call to account
8	Head of the institution does not comply with the provisions on the prevention of conflicts		<input type="checkbox"/> managed <input type="checkbox"/> partly managed <input type="checkbox"/> not managed		Adoption of code of conduct, training, presentation of good practices for increasing responsibility, call to account
9	<i>[Add (an)other risk factor/s]</i>		<input type="checkbox"/> managed <input type="checkbox"/> partly managed <input type="checkbox"/> not managed		

6.4.8. EXAMPLE OF RISK MANAGEMENT PLAN-PHASE 4 OF THE FRAMEWORK METHODOLOGY

No.	Identified risk and risk factor	Measure to be implemented	Priority	Responsible person/s	Deadline
1	<i>short description of risk and risk factor that should be managed (based on risk register)</i>	description of measure to address the risk	 <p>Based on overall assessment of the risk that demands the measure:</p> <p>Priority 1 / URGENT (measure is critical and should be realized without delay)</p> <p>Priority 2 / HIGH (measure is essential and will be implemented in 3 months)</p> <p>Priority 3 / MEDIUM (measure is important and will be implemented in 3 - 6 months)</p> <p>Priority 4 / LOW (measure is of lower importance and will be implemented in longer period of time)</p>		based on priority

7. LESSONS LEARNED - DO'S AND DONT'S IN CORRUPTION RISK ASSESSMENT

The best way to address the problem of any type of corruption is to diagnose its causes and suppress them (this cuts the corruption at its roots). At present, (too) many anti-corruption programmes focus on exposing and punishing corruption after the fact rather than fighting the structural (underlying) causes of corruption. Such approach cannot have long-term effect. Criminal law or repressive measures (investigation, prosecution, adjudication, sanctioning) can have effect against individual corruption; but systemic and institutional corruption and state capture cannot be successfully suppressed by such measures. System disease can be cured only by systemic measures based on political will to eliminate corruption from the system. In this process, equally important as repression are integrity and prevention. Prevention includes different forms of corruption risk assessment (CRA), transparency (it is often said that transparency is the greatest enemy of corruption), measures for preventing 'wolves from eating sheep', awareness raising, collective action, voice of civil society etc.

Combating corruption cannot be successful, if isolated. Huberts (1998) identifies six strategies that represent the range of policy levers available to policy makers at the national level:¹⁴⁶

- ▶ *economic* - emphasises the need for the economic stimuli for corruption to be reduced and suggests that such might be achieved by, inter alia, paying higher civil service salaries;
- ▶ *educational* - aims at altering the attitudes and values of the populace and civil servants alike via training and education campaigns and engagement of the media;
- ▶ *cultural* - ensuring that the behaviour and attitudes of those in power are subject to stringent codes of conduct and their behaviour filters down to civil servants;
- ▶ *organisational or bureaucratic* - strengthening internal control systems such as auditing to detect corrupt activity, and staff rotation to re-

¹⁴⁶ Huberts (1998) as cited in Mills May, A: Causes of corruption in public sector institutions and its impact on development: turning what we know in what we do, p. 13 (available on: <http://unpan1.un.org/intradoc/groups/public/documents/un-dpadm/unpan049589.pdf>).

“
Rather fail with honour
than succeed by fraud.”

(Sophocles)

duce the propensity for individuals to establish themselves in entrenched corruption;

- ▶ *political* - increasing in transparency in terms, for example, of the monitoring of party finances and more broadly, a clearer and more definite separation of powers in terms of the judiciary and the state; and
- ▶ *judicial or repressive measures* - advocates harsher penalties for corrupt practices but also the creation of independent anti-corruption agencies.

Corruption risk assessment is (or should be) an important part of organisational as well as educational and cultural efforts in terms of strengthening integrity of public sector institutions. Strong integrity means low risk for corruption. Therefore, it should be ultimate goal of every country to ensure that most people in civil service (and beyond) have more reasons to join the integrity system than the corruption system. This can be achieved with the proper mixture of ethical reasons, formal rules and measures that ensure it is easy and safe to act with integrity, but difficult to be corrupt, and with efficient enforcement and judicial system (risk of detection and conviction in case of corrupt behaviour should be unacceptable to a rational person).¹⁴⁷ It has to be said straight and clear that corruption risk assessment is not a silver bullet (i.e. a direct and effortless solution) to a problem of corruption prevention or prosecution, but a comprehensive and suitable approach to CRA and well prepared assessment procedures should

¹⁴⁷ See Sampford, C.: Understanding the Relationship between Integrity, Corruption, Transparency and Accountability (available on <http://www.adbi.org/files/2009.03.10.cpp.day2.sampford.integrity.corruption.transparency.accountability.pdf>).



help in pointing out concrete measures to achieve or at least near this ultimate goal on macro and micro level.

Based on the state of research and conclusions in this paper, two main lessons learned regarding corruption risk assessment are as follows:

- ▶ ***the most effective in dealing with corruption is expected to be a combined package of strategies and tools that will include one or more corruption risk assessment approaches presented in this paper.*** The tools used to control a particular harm should not be based on formalistic approach (such as a sheer check list of measures, regardless of content), but should be dictated by an understanding of the dynamics and dependencies of concrete public institu-

tion, department, project etc.¹⁴⁸ Corruption risk assessment should therefore be effective and life process, and not merely a ‘laundry list’ of corruption risks and an equally long list of ‘mitigation measures;’

- ▶ instead of using CRA as a once-and-for-all policy initiative often seen in response to a major corruption scandal, it is more ***efficient and advantageous to immerse corruption prevention (including corruption risk assessment) into public sector good governance*** so that preventing and combating corruption will become a permanent item of public sector management. Such approach should, *inter alia*, prevent CRA to become a labour-intensive, superficial or even part of the anti-corruption bureaucracy.

¹⁴⁸ See Spector (2005) and Sparrow (2008) as cited in Mills May, A: Causes of corruption in public sector institutions and its impact on development: turning what we know in what we do, p. 14 (available on: <http://unpan1.un.org/intradoc/groups/public/documents/un-dpadm/unpan049589.pdf>).

8. RECOMMENDATIONS

Based on the research and following the discussion at the Regional Workshop for Validation of the Corruption Risk Assessment Methodology, the following measures and steps are recommended:

Governments *that have already implemented or that are implementing in their legislation and practice the integrity plans or other corruption risk assessment tool or model* should:

- ▶ increase their efforts to secure political will to back up corruption risk assessment as an integral part (tool) of not only corruption prevention, but also of public sector good governance and public sector reform;
- ▶ take efforts in view of closer integration and coordination of corruption risk assessment models or tools with internal and external audit institutions;
- ▶ secure sufficient resources in terms of finance, time, training, knowledge (not only of integrity officer but also other people engaged in the process) and IT support for the implementation of chosen corruption risk assessment tool (or tools) and their constant monitoring, revising and upgrading;
- ▶ establish the procedures for using (an)other / additional corruption risk assessment tool or approach, when applicable in a certain case, project, sector, institution, etc.;
- ▶ provide public officials, civil society, mass media and business leaders with training, resources and capacity to act effectively and with adequate understanding of anti-corruption initiatives, strategies and preventive tools such as corruption risk assessment.

In cases where *any specific legislation or practice of integrity plans or other corruption risk assessment tools or models does not exist, the following is recommended:*

- ▶ ensure a designated body to design and implement the methodology for corruption risk assessment (be it within the audit institutions, public administration, anti-corruption legislation);
- ▶ design a pilot project (on a voluntary basis) for the implementation of the chosen corruption risk methodology and the assessment of its impact, including sufficient resources in terms of finance, time, training, knowledge and IT support;
- ▶ provide public officials, civil society, mass media and business leaders with training, resourc-

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There are seven things
that will destroy us:
wealth without work
pleasure without
conscience
knowledge without
character
religion without
sacrifice
politics without
principle
science without
humanity
business without
ethics.
”

(Mahatma Gandhi)

es, and capacity to act effectively and with adequate understanding of anticorruption initiatives, strategies and preventive tools such as corruption risk assessment.

Finally, a just question has to be raised: what if a country is trying to do all these things and it still does not seem to be working? At first sight, some countries miss what might be seen as key elements of a national integrity system but seem rather corruption clean and others with everything



in place are highly corrupt.¹⁴⁹ In general, it can be said/anticipated that in such cases it is very likely that anti-corruption and integrity system is either inefficient in terms of resources and political will or compromised (or maybe both) or even captured and used against political enemies but not against the ruling structures. But even in such cases, progress is possible and efforts should be

made to that end. Here, especially integrity plans and targeted (*ad hoc*) corruption risk assessment can be beneficial given that they are oriented towards individual institution or project rather than to the system as a whole. When individual trees in an ill forest start to heal and are getting better, the forest may recover with time as well.

149 See Sampford, C.: Understanding the Relationship between Integrity, Corruption, Transparency and Accountability (available on <http://www.adbi.org/files/2009.03.10.cpp.day2.sampford.integrity.corruption.transparency.accountability.pdf>).

9. ANNEXES

9.1. ANNEX 1: SELECTED EXCERPTS OF LEGAL PROVISIONS

9.1.1. BOSNIA AND HERZEGOVINA

Law on the Agency for the Prevention of Corruption and the Coordination of the Fight against Corruption (Official Gazette, No. 103/2009)

- Article 10
(Responsibilities of the Agency)
- The Agency shall be responsible to:
- a. develop the Anti-Corruption Strategy and the Corruption Prevention Action Plan;
 - b. coordinate and monitor the implementation of the Strategy and the Action Plan, and provide opinions and guidelines on the matter of implementation of the Strategy and the Action Plan;
 - c. coordinate the work of the public institutions in preventing corruption and conflict of interest, and make analyses of the final decisions of the competent authorities in charge of processing conflicts of interest in order to look into the instances of corruptive practices, inform the competent institutions about the situation detected and take all the necessary measures as provided by law;
 - d. monitor the instances of conflict of interest, provide recommendations for the strategy of managing the conflict of interest on a case-to-case basis, and issue the guidelines for the policy of managing the conflict of interest in government institutions;
 - e. prescribe a uniform methodology for collection of the data about financial situation of public servants;
 - f. in coordination with the competent authorities, analyze the delivered data in order to detect the instances of corrupt practices, and take the necessary measures as provided by law.
 - g. collect and analyze the statistics and other data, and inform all relevant stakeholders in Bosnia and Herzegovina of the results of the inquiry;

- h. take action upon receiving the submissions that contain indications of a corruptive conduct pursuant to the applicable regulations;
- i. coordinate the work of the institutions with public authorities in combating corruption;
- j. monitor the effects of laws and bylaws aimed at preventing corruption and provide opinions and guidelines on the issue of their implementation, initiate activities in relation to amending the current legislative arrangements and harmonize them;
- k. cooperate with the national scientific and professional organizations, public media, and NGOs on the issue of corruption prevention;
- l. cooperate with international organizations, institutions, initiatives and bodies;
- m. establish and maintain the database containing the data collected in accordance with this Law;
- n. develop educational programs on the issue of prevention of corruption and fight against corruption, and monitor their implementation;
- o. issue publications to inform the public about the corruption situation;
- p. inform the competent institutions and the public of the obligations contained in international legal acts and give recommendations for their realization in relation to corruption prevention;
- q. prescribe a uniform methodology and guidelines for making integrity plans and providing assistance to all public institutions in their implementation; and
- r. perform other activities relating to corruption prevention.

9.1.2. MOLDOVA

*Law no. 90-XVI on Prevention and Fight Against Corruption
(Official Gazette No. 103-105)¹⁵⁰*

*Unofficial translation into English language:
Article 7 Anticorruption expertise of draft and legislative drafts Government regulations, assessment of institutional corruption risks*

¹⁵⁰ The law in the Romanian language can be found at the National Anti-corruption Centre website - <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=328131>. No English translation was found (the text was translated by the author).

1. Anticorruption expertise of draft legislative and normative acts of the Government is required.
2. Anticorruption expertise of draft legislative and normative acts of the Government is an evaluation of the compliance of their content of national and international anti-corruption standards in order to identify rules that favour or promote corruption and to develop recommendations for exclusion effects.
3. Anti-corruption expertise of draft legislative and normative acts of the Government is carried out as prescribed by the Government, according to the following criteria:
 - a. share the content of the project, and the potential effect of the rules and regulations blanket reference;
 - b. the regulatory tasks within the competence of public authorities;
 - c. identifying conflicts of law rules;
 - d. the degree of responsibilities and duties given to civil servants;
 - e. assessment of administrative control (the higher indoor);
 - f. the requirements imposed on recipients of certain rights;
 - g. the transparency of the functioning of public authorities.
4. Institutional corruption risk assessment is carried out as prescribed by the Government, which provides for the identification of organizational factors, predisposing or able to favour corruption, making recommendations to exclude the effects of these risks.

9.1.3. MONTENEGRO

Civil Servants and State Employees Act (Official Gazette No.39/2011 and 50/2011)¹⁵¹

Integrity Plan Article 68

A state authority shall adopt an integrity plan on the basis of assessment of susceptibility of certain job positions for occurrence and development of corruption and other forms of partial actions of civil servants and state employees regarding certain job positions, which shall include measures preventing and eliminating the possibilities for corruption occurrence and development, in accordance with the guidelines of administration authority in charge of anti-corruption activities.

¹⁵¹ English translation of the act is available on: http://antikorupcija.me/en/index.php?option=com_phocadownload&view=category&id=3&Itemid=301.

The state authority shall determine a civil servant responsible for preparing and implementing the integrity plan.

9.1.4. SERBIA

Anti-Corruption Agency Act (Official Gazette No.97/2008)¹⁵²

I. GENERAL PROVISIONS

Article 1

This Act governs establishment, legal status, competencies, organization and operation of the Agency for combating corruption (hereinafter “the Agency”), rules concerning prevention of conflicts of interest in discharge of public office and property disclosure reports of persons holding public office, introduction of integrity plans, as well as other issues of relevance for the work of the Agency.

Competencies of the Agency Article 5

The Agency:

- ▶ supervises implementation of the National Strategy for Combating Corruption (hereinafter “the Strategy”), the Action Plan for Implementation of the National Strategy for Combating Corruption (hereinafter “the Action Plan”) and sector action plans;
- ▶ institutes proceedings and pronounces measures for violation of this Act;
- ▶ rules on conflict of interest;
- ▶ performs tasks in accordance with the law governing financing of political parties;
- ▶ issues opinions and directives for enforcing of this Act;
- ▶ launches initiatives for amending and enacting regulations in the field of combating corruption;
- ▶ gives opinions related to implementing of the Strategy, Action Plan and sector action plans,
- ▶ monitors and organises coordination of the government bodies in the fight against corruption;
- ▶ keeps a register of the officials;
- ▶ keeps a register of property and income of officials (hereinafter “Property Register”);
- ▶ extends expert assistance in the field of combating corruption;
- ▶ cooperates with other government bodies in drafting regulations in the field of fight against corruption;

¹⁵² English translation of the act is available on: <http://www.anticorruption-serbia.org/legislation>.

- ▶ issues guidelines for developing integrity plans in the public and private sector;
- ▶ introduces and implements education programs concerning corruption, in accordance with this Act;
- ▶ keeps separate records in accordance with this Law;
- ▶ acts on complaints submitted by legal entities and natural persons;
- ▶ organises research, monitors and analyses statistical and other data on the state of corruption;
- ▶ in collaboration with competent government bodies monitors international cooperation in the fight against corruption;
- ▶ performs other tasks set forth by law.

VII. INTEGRITY PLAN Article 58

The integrity plan shall include legal and practical measures that eliminate and prevent possibilities for the occurrence and development of corruption, in particular:

- ▶ assessment of exposure to corruption for a particular institution,
- ▶ data on the person responsible for the integrity plan,
- ▶ description of the work process, decision making procedures and
- ▶ identification of activities that are particularly exposed to corruption,
- ▶ preventive measures for the reduction of corruption, and
- ▶ other parts of the plan defined in the guidelines.

The Obligation of Adopting Integrity Plan Article 59

Integrity plans are adopted by the government bodies, territorial autonomy bodies and local government bodies, public services and public companies.

The Agency [*i.e. the Agency for Combating Corruption*] shall make and publish assessments of integrity, i.e. guidelines for development and implementation of integrity plans, specifying time frames.

Government, territorial autonomy and local government bodies, public services and public companies shall adopt integrity plans in accordance with the guidelines referred to in paragraph 2 of this Article and notify the Agency thereof.

The Agency shall monitor the adoption and implementation of the integrity plan.

Person Responsible for the Preparation and Implementation of Integrity Plan Article 60

Government, territorial autonomy and local government bodies, public services and public companies shall appoint a person in charge of the preparation and implementation of integrity plan.

The Agency shall provide training for the person responsible for the integrity plan.

Adoption of Integrity Plan by Other Legal Entities Article 61

Other legal entities may adopt integrity plans in accordance with the guidelines issued by the Agency.

Upon the proposal of legal entities specified in para 1 of this Article, the Agency may assess the integrity and give recommendations for enhancing integrity.

9.1.5. SLOVENIA

Integrity and Prevention of Corruption Act (Official Gazette No. 45/2010, 26/2011 and 43/2011)¹⁵³

Article 12 (Tasks and powers of the Commission)

1. The Commission shall have the following tasks and powers:
 - ▶ to prepare expert groundwork for strengthening integrity and training programmes;
 - ▶ to provide training for the persons responsible for integrity plans;
 - ▶ to prepare, together with the representatives of equivalent public law entities or their associations, models of their integrity plans;
 - ▶ to provide advice on strengthening integrity and preventing and eliminating the risks of corruption in the public and private sectors;
 - ▶ to monitor and analyse data on the development and accomplishment of tasks aimed at preventing corruption in the Republic of Slovenia;

¹⁵³ English translation of the act is available on: <https://www.kpk-rs.si/en/legislation-and-reports>.

- ▶ to monitor the state of affairs in the field of international corruption, and to monitor and analyse data on the number and manifestations of all forms of criminal offences involving elements of corruption in the Republic of Slovenia;
- ▶ to perform lobbying-related tasks;
- ▶ to adopt principled opinions, positions, recommendations and explanations in respect of issues connected with the contents of this Act;
- ▶ to ensure the implementation of the resolution regulating the prevention of corruption in the Republic of Slovenia;
- ▶ to draft amendments to the resolution regulating the prevention of corruption in the Republic of Slovenia and propose that they be discussed by the Government, who then in turn submits them to the National Assembly for adoption;
- ▶ to give consent to the action plans of the individual authorities defined in the resolution, these plans relating to the implementation of the resolution regulating the prevention of corruption in the Republic of Slovenia;
- ▶ to call on the competent authorities in the Republic of Slovenia to meet the obligations arising from international instruments relating to the prevention of corruption, and to provide them with proposals regarding the method of implementation of these obligations;
- ▶ to cooperate with the competent State bodies in drafting regulations on the prevention of corruption;
- ▶ to monitor the implementation of the regulations referred to in the preceding indent and to propose initiatives for amendments to them;
- ▶ to provide its opinion on proposals for laws and other regulations before they are discussed by the Government, particularly in respect of the conformity of the provisions contained within these proposals for laws and other regulations with the laws and regulations regulating the prevention of corruption, and the prevention and elimination of conflicts of interest;
- ▶ have the option available to submit initiatives to the National Assembly and the Government to regulate a particular area by adopting a law or any other regulation in accordance with its tasks and powers;
- ▶ to cooperate with the corresponding authorities of other countries and interna-

tional structures, and with international non-profit private sector organisations engaged in the prevention of corruption;

- ▶ to cooperate with scientific, professional, media and non-profit organisations from the private sector in the prevention of corruption;
- ▶ to prepare starting points for codes of conduct;
- ▶ to publish professional literature;
- ▶ to perform, upon the receipt of payment, expert tasks related to the preparation and development of integrity plans and the preparation of measures for the prevention of corruption for private sector users;
- ▶ to keep records pursuant to this Act; and
- ▶ to perform other tasks set out by this Act and other relevant laws.

VI. INTEGRITY PLANS

Article 47 (Integrity plan)

1. State bodies, self-governing local communities, public agencies, public institutes, public utility institutes and public funds (hereinafter: entities obliged to draw up integrity plans) shall draw up and adopt the integrity plan and inform the Commission of this in accordance with this Act.
2. If the Commission [*i.e. Commission for the Prevention of Corruption*] finds that there is a risk of corruption and other forms of unlawful conduct in performing an activity in the public interest and having public assets available, it may issue a decision ordering a public entity which is not specified in the preceding paragraph and in which this activity is performed or assets are available to draw up, to implement and amend the integrity plan in cooperation with the Commission.
3. An integrity plan shall contain in particular the following:
 - ▶ an assessment of the institution's exposure to corruption;
 - ▶ the personal names and posts of persons responsible for the integrity plan;
 - ▶ a description of the areas and manner of decision-making with the assessment of exposure to corruption risks and proposals for integrity improvements;
 - ▶ measures for the timely detection, prevention and elimination of corruption risks; and
 - ▶ other parts of the plan as defined in the guidelines referred to Article 50 of this Act.

4. The Commission shall provide training for the persons referred to in the second indent of the preceding paragraph.

Article 48
(Drawing up and supervising integrity plans)

1. On the basis of the assessment of exposure to corruption risks, the entities obliged to draw up integrity plans shall be divided into three groups: the least, medium and most exposed; indicators for dividing entities into individual groups, the methodology and manner of the drawing up and evaluation of integrity plans shall be specified in the guidelines referred to in Article 50 of this Act.
2. The Commission shall check whether the entities have adopted the integrity plans and how they plan to implement them.

Article 49
(Request for the assessment of the integrity plan)

On the proposal and at the expense of other legal entities not specified in paragraph 1 of Article 47 of this Act, and by applying the provision of paragraph 2 of Article 47 of this Act, the Commission may make an assessment of integrity or make suggestions for integrity improvements.

Article 50
(Publication of guidelines for drawing up the integrity plan)

3. The Commission shall produce guidelines for the drawing up of integrity plans, checking their functioning and assessing levels of integrity, and then publish them on its website.

Article 86
(Time limits for actions)

[...]

4. The integrity plans referred to in paragraph 1 of Article 47 of this Act shall be adopted by no later than two years after the entry into force of this Act.
5. A fine of between EUR 400 and EUR 4 000 shall be imposed on a responsible person of a body or organisation referred to in paragraphs 1 and 2 of Article 47 which, in contravention of Article 47 of this Act, fails to draw up and adopt the integrity plan within the time limit specified in the preceding paragraph.

9.2. ANNEX 2: RELEVANT SOURCES AND LINKS

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- ▶ Agency for the Prevention of Corruption and Coordination of the Fight against Corruption of Bosnia and Herzegovina, <http://www.apik.ba/Default.aspx?lang=en>
- ▶ Independent Commission Against Corruption, New South Wales, Australia (ICAC), <http://www.icac.nsw.gov.au/>
- ▶ Commission for the Prevention of Corruption of Republic of Slovenia, www.kpk-rs.si/en
- ▶ Directorate for Anti-Corruption Initiative of Montenegro, <http://antikorupcija.me/en>
- ▶ National Anti-Corruption centre of Republic of Moldova, <http://www.cna.md/en/>
- ▶ Regional Anti-Corruption Initiative, www.rai-see.org
- ▶ Regional Cooperation Council, <http://www.rcc.int/>



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