

Green, Amber, Red – and not just for traffic lights! Risk analysis for administrative structures

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It is only possible to take targeted prevention measures once the relevant threats have been identified. The risk registers described in this paper underpin all whistleblower systems. Preventive action can be taken and targeted training and briefings provided only when the roles most at risk have been determined. It is also crucial to use the findings of a risk map to establish an “Internal Control System” (ICS) and to carry out structured reviews.



Introduction

Anti-corruption measures should always be geared towards providing employees of public administrations, private sector companies and institutions with effective protection. However, this first requires us to identify those areas of activity most at risk. While risk analyses are undoubtedly major undertakings, they underpin all successful prevention work and should have the primary aim of producing effective risk maps and registers.

Risk registers are particularly important for internal auditors and anti-corruption officers insofar as they are central to whistleblower policies and provide:

- a basis for targeted work;
- a basis for preventive and repressive measures;
- an overview of potential risk levels across all fields of activity;
- a working basis for structured reviews and internal audits; and
- an indication of training and briefing requirements for at-risk areas.

Sample risk analysis for a building authority

To ensure that appropriate preventive measures are implemented in at-risk units or areas, a risk analysis must be carried out and a risk register compiled to gather all relevant information about at-risk and high risk environments.

Risk registers provide an indication of the corruption threat level of different functions and activities and the effectiveness of existing safeguards within a company, institution or organisational unit.

As such, they also help protect employees in areas identified as particularly susceptible to corruption.

A transparent work environment must be provided if public or private sector employees are to perform their duties correctly.

Two-stage process for developing a risk register

1. Assess the corruption risk for all workplaces by means of a “risk survey” to identify areas of activity where the threat of corruption is particularly high;
2. Carry out a “risk analysis” into those areas of activity identified as being particularly vulnerable and into safeguards currently in place.

Stage 1: Risk survey (preliminary study) – needs analysis

Risk surveys should examine the work processes involved in every job to determine which are particularly susceptible to corruption.

A positive response to one or more of the risk survey questions can be taken to mean that a particularly high threat of corruption exists. In these cases, it is necessary to determine whether an in-depth risk analysis has to be performed, given the safeguards that are already in place.

The individual job characteristics contained in the questions below indicate potential risk and should, for example, be covered by the survey.

Assessment criteria for identifying corruption risks:

1. Are contracts awarded or agreements signed?
2. Are public funds or government grants awarded?
3. Are decisions taken on whether to grant licences, permits or concessions or issue decrees and bans?
4. Does this job involve collecting charges or fees or setting them?
5. Does this job involve monitoring and supervision?
6. Does this job involve working with files containing confidential information that could be especially valuable to third parties?
7. Are many of these concentrated in the hands of a single person?
8. Do the decision-making processes allow for a high degree of discretion?
9. Is there frequent external contact with a particular group of individuals (who stand to benefit or lose from any decisions taken by the employee(s) in question)?
10. Are cash payments received?
11. Are financial payments made?
12. Does the job involve signing off for services and deliveries? Does it entail access to confidential information?

Our proposed assessment criteria for compiling a risk analysis are merely a checklist to be used as an overall framework. They should then be adapted to the specific circumstances of the relevant administration, company, institution or organisational unit.

Stage 2: Risk analysis – jobs with high corruption threat levels

Areas of activity which are especially vulnerable to corruption should be investigated to establish appropriate/actual risk levels for classification or ranking.

This should include existing work flow, inspection and control systems.

Any shortcomings identified in the inspection and control systems should be rectified immediately. This is in the interest of the employees, and not just the organisation in question.

Main investigation findings

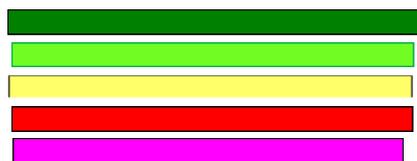
An overview of the investigation findings for both Stage 1 (no particular risk of corruption) and Stage 2 (particularly high risk of corruption) provides institutions and organisational units with a basis for their risk registers. These assessments should be reviewed and amended at regular intervals. Whenever a particular job description changes, a new assessment should be carried out.

Sample risk register (e.g. for a building authority)

In this case, all work areas have been assessed and assigned to one of **five** potential risk levels. We selected an extended traffic light system using additional shades for a total of five levels to provide a visual representation of the findings.

Risk register – risk levels

- Level 1 green – almost no risk
- Level 2 green – light green – low risk
- Level 3 amber – moderate risk
- Level 4 red – high risk
- Level 5 red – violet – very high risk



We show below some criteria that could be used for the individual risk levels:

Criteria for the green and light green levels

- administrative duties (e.g. office management, HR department, mailroom, etc.)
- budgetary responsibilities (budget planning, investment planning, financial planning)
- management and management accounting
- policy issues (e.g. legal department)
- citizen advice
- PR, press office

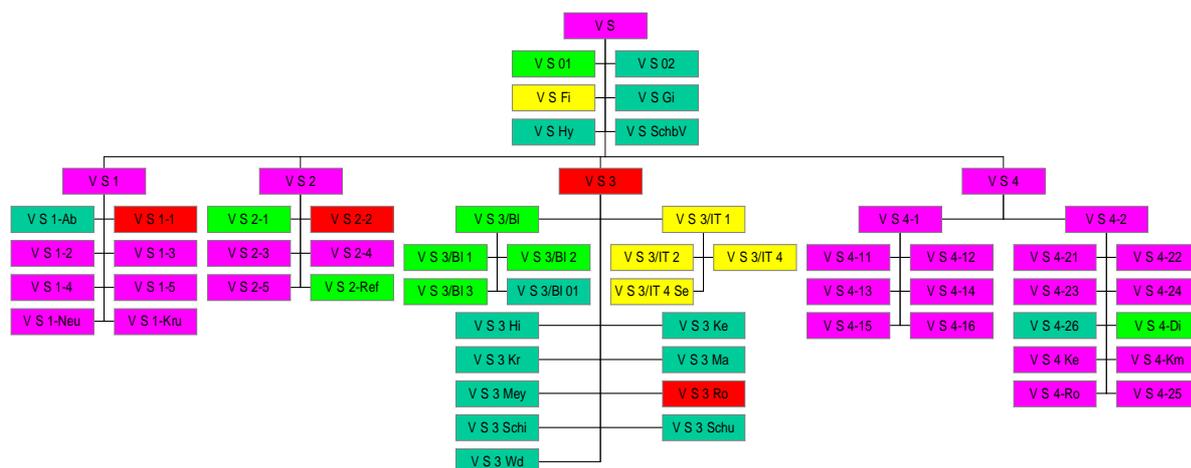
Criteria for the amber level

- official public law notifications
- award of grants
- project appraisal
- authorisations and decisions that are general in scope and do not relate to specific individuals or companies
- one-off authorisations and decisions of low to medium importance
- minor procurement activities involving financial management, ICT management
- authority to issue orders for cash transactions, authority to act as a representative in legal transactions

Criteria for the red and violet levels

- corporate contracting (involving large amounts of money)
- (high value) procurement
- construction supervision, project management
- responsibility for receiving submissions and awarding contracts
- certification (e.g. of factual accuracy)
- issuance of licences of high financial value to the licensee (e.g. waste management, driving licences, goods transport, planning permission, etc.)
- management, internal auditing

Sample map:



Another approach to compiling a risk register is to base it on the contents of job descriptions. This has the advantage of not having to involve employee representatives (works or staff councils) and to address data protection issues, insofar as this method only determines potential risk levels for specific areas of activity and does not identify any individuals occupying the specific posts.

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This paper reflects the opinion of the author.

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