ANTI-CORRUPTION COMMISSION

CORRUPTION RISK ASSESSMENT AND MITIGATION MANAGEMENT REPORT OF ACC

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Male', Maldives

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1. Introduction

The Anti-Corruption Commission (ACC), Maldives has developed this paper to facilitate, finalize and implement the Corruption Risks Assessment and Mitigation Management Plan that the ACC has commenced in collaboration with the United Nations Office on Drugs and Crimes (UNODC) from 26th of March 2019. In two separate sessions, corruption risks assessment and mitigation methodology was presented and discussed in supporting the ACC at identifying a realistic and focused list of risks likely to do the most damage to the Commission and, by applying the methodological steps in prioritizing the risks, to develop a tailored practical mitigation management plan.

This paper is the finalized report for a way forward with the project, to be further endorsed by the senior ACC Management and presented to the staff for full implementation.

1.1 Background of the Commission

The Anti-Corruption Commission (ACC) is the statutory authority responsible to combat corruption in the Maldives.

> "The Anti-Corruption Commission is an independent and impartial institution… The Anti-Corruption Commission shall work to prevent and combat corruption within all activities of the State without fear"[1]

The first ever official work to counter corruption in the Maldives started with the formulation of the Anti-Corruption Board (ACB) on 21st of April 1991, prescribed under the law 3/68 - Official Matters Act, Chapter III's 94th Amendment. The establishment of ACB was a stepping stone to formally commence investigative and preventative work against corruption in the Maldives.

Thereafter a decade, Prevention and Prohibition of Corruption Act 2000 was ratified. Later on, in 2008 the country was observed to have engulfed in a wave of democracy, decentralizing the three powers of legislative, executive and judicial sector. With this, a new constitution came into place in August of 2008 and in turn endorsement of the Anti-Corruption Commission Act in September

[1] Constitution of Republic of Maldives Article 199 (b)

2008 gave statutory rights to the establishment of an independent Commission on the 16th of October 2008.

Moreover, in alignment with the international standards and conventions against corruption, Maldives ratified United Nations Convention Against Corruption (UNCAC) in March 2007.

During the past ten years, the Commission has observed significant improvement on its legal framework leading to various developments in the mandated functions; now with a more focused angle on awareness and prevention, along with the investigative work.

The Commission is operated under a five-year Strategic Action Plan (SAP) and the ongoing strategic plan commenced its implementation during 2015 which ends in 2019. Thus, a new five-year strategic plan need to be formulated soon. While the new plan need to be formulated based on the experiences and draw backs observed from the current plan, it should also reflect modern aspects of corruption mitigation at internal and external organizational level collectively, not neglecting the effective and efficient methods to address and mitigate most contextual and high risk corruption factors in the system of the Maldives. Considering substantial evidences collated from the findings of ACCs investigations, the most high risk corruption in the system in terms of cases concluded is observed under providing undue advantage for a third party (836), personal gain (282) and violation of laws and regulations (137)[2].

Accordingly, this is an opportune time to analyze the Commission on its performance and effectiveness, as the updated mitigation actions can be incorporated into the new five-year strategic plan. This report, thus, will lead to identification of the general risks in the Commission along with the corruption risks to come forward with appropriate and effective mitigation and way-forward. This risk assessment report would guide as a ground basis for the corruption risk assessment which will also be beneficial in the process of planning and designing the upcoming Strategic Action Plan for 2020-2024.

[2] ACC Statistics 2018, Table 9: Concluded Cases by Type 2018

2. Introduction to the Assessment

A risk is often characterized by reference to potential events and consequences or a combination of these, as per the International Standard principles and generic guidelines on risk management by ISO: 31000.[3]

This assessment report has two components. The first component addresses identification of risks in areas of strategic, operational, compliance, financial, reputational, information and technology, and human resource management of the Commission with use of a Risk Assessment Matrix (RAM). The second component specifically examines the internal risks of the Commission and ways to address it.

A Corruption Risk Assessment (CRA) does not address to answer the question of existence or the level of corruption in the observed area, but it is to identify potentiality that exists in the observed area for corruption. Thus, a CRA, as McDevitt (2011)[4] describes is a diagnostic tool which seeks to identify weaknesses within a system which may present opportunities for corruption to occur.

Therefore, this assessment will identify the risks of corruption with the ACC and propose mitigation actions that will assist to attend to the risks identified. The end result of this risk assessment method is to apply this risk assessment tool to the other public sector institutions.

[3] https://www.iso.org/obp/ui/#!iso:std:51073:en
[4] McDevitt, A. 2011. Corruption Risk Assessment Topic Guide. Transparency International. Gateway. http://gateway.transparency.org/guides/intro/risk_assessment

3. Dimensions of Risk Assessment Matrix

This section explains the major types of risks that are commonly exposed to an organizational setting.

The risks identified are strictly not limited and subjective to one dimension, but can have correlative relation, leading one risk to have aspects of two different dimensions. Moreover, risks identified in Risk Assessment can also have characteristics of Corruption Risks which will be analyzed separately. The following are the areas or the dimensions in which the Commission's risks will be assessed.

3.1 Strategic Risks

Strategic Risks represents the risks that exist in the organizational structure, functionality, accountability and performance of the responsibilities of the Commission. In summation, a strategic risk would help to identify and assess the risks influenced by external and internal events, situations and risks that could hinder the organization's ability to achieve its strategy and its strategic objective.

3.2 Operational Risks

Operational risks represent the undue interference that the organization is confronted with as it strives to deliver its strategic objectives.

3.3 Compliance Risks

Compliance risks are risks the organization faces when the legislation, regulation and procedural directions have been forgone.

It concerns whether the organization has been the recipient of any legal action in the past 5 years which resulted in penalties, fines or any such mode of compensation. Though the Commission has not been subjected to any penalties in the past 5 years, does not exclusively determine that the Commission cannot be subjected in the future.

3.4 Reputational Risks

Reputational risks assess the risk of failure to meet expectations of the stakeholders and general public or any other relevant body. This includes executive decisions taken at different levels impacting on how the organization is being portrayed.

3.5 Financial Risks

Financial risks refer to risks the organization has to deal with in relation to procurement, budget and other means of financial interactions or the lack there of.

3.6. Information and Technology

This specific risk is concerned whether the information produced or used is incomplete, out-of-date, inaccurate, irrelevant or inappropriately disclosed. This dimension is inclusive of the ICT infrastructure of the organization, questioning if the ICT standard is up to par with the requirements of the organization and the existence of international best practice standards in the field of ICT. Additionally, this also questions the existence of an updated disaster (fire, theft, espionage, etc.) recovery plan and security in ICT perspective.

3.7 Human Resource Management

This risk is caused by frequent turnover, inability to hire efficient staffs, lack of skills that match the job, unsafe working environment, retaining staffs, non-availability of competent and motivated staffs, etc.

On this context, it can be considered that positioning structure of the organization should be done based on the human resource need analysis of the organization that clearly defines competency and technical capacity for the organization.

4. Method

The Risk Assessment method that is used for this assessment is a universally acclaimed methodology in many of the management practices on assessing performance of organizations. The process is as follows;

1. Establish the context
2. Identify Risks
3. Analyze the Risks
4. Evaluation of Risks
5. Prioritize the Risks
6. Identification of Mitigation of Risks
7. Implementation of Control Measures
8. Monitoring the Implementation Process

These steps are supported by International Standard ISO/IEC 31010:2009 – Risk Management, IEC/FDIS 31010 Risk Management – Risk Assessment Techniques, and ISO Guide 73:2009-Risk Management Vocabulary.[5]

This assessment is conducted qualitatively. This is done by distinguishing the (1) likelihood and (2) impact/severity of the identified risks which helps to determine the risk value. The likelihood describes the level of probability on the chance of occurrence of a risk. The severity describes the consequence of the risk that occurs. Both will be valued on a scale of 1 to 5. The risk value is then placed in the matrix to understand the severity of the risk. Given the category of the matrix to which the risk falls onto, the risks prioritization is determined, thus providing a clear guidance for the mitigation actions. The matrix used to calculate the risk value and corruption assessment is explained in detail bellow under subsections 4.3 and 5.1.

In addition to this, technical guidance from UNODC was employed in completing this assessment. As such the guidance included identifying risks and prioritizing it based on the level of threat it proposed to the Commission.

[5] https://www.dksk.mk/fileadmin/user_upload/1_CORRUPTION_RISK_MANAGEMENT_-_Adendum.pdf

4.1 Likelihood of the Risk:

Likelihood describes the level of probability on the chance of occurrence of a risk. Likelihood calculated on a 5-point scale as follows;

Likelihood	Score	Description
Definite	5	Likely to occur often in the life of an organization
Likely	4	Will occur often in the life of an organization
Occasional	3	Likely to occur sometime in the life of an organization
Remote	2	Unlikely but possible to occur in the life of an organization. Cannot be ruled out completely
Unlikely	1	It is so unlikely; it can be assumed occurrence may not be experienced

4.2 Severity / Impact of the Risk

The severity describes the consequence of the risk that occurs. This is calculated on a 5-point scale;

Severity /Impact	Score	Description
Catastrophic	5	These risks are completely fatal and would require immediate attention
Critical	4	These risks are risks with large consequences which can lead to a great amount of loss
Moderate	3	These risks are risks which do not impose a great threat, but has the potentiality to cause a considerable damage
Marginal	2	These risks will result in some damage, but the extent of damage is not too significant and is not likely to make much of a difference to the overall progress of the organization
Negligible	1	These risks cause a near negligible amount of damage to the overall progress of the organization that these risks can be overlooked

Likelihood x Severity = Risk Value

Example = A risk that is occasional in likelihood and critical in severity will get a score of 12. (3 x 4 = 12) The score of 12 makes this specific risk, a risk that is of extreme level and requires urgent and immediate attention.

4.3 Risk Assessment Matrix

Likelihood	Definite - 5	Medium - 5	Extreme - 10	Extreme - 15	Extreme - 20	Extreme - 25
	Likely - 4	Medium - 4	High - 8	Extreme - 12	Extreme - 16	Extreme - 20
	Occasional -3	Low - 3	Medium - 6	High - 9	Extreme - 12	Extreme - 15
	Remote - 2	Low - 2	Medium - 4	Medium - 6	High - 8	Extreme - 10
	Unlikely - 1	Low - 1	Low - 2	Low - 3	Medium - 4	Medium 5
		Negligible - 1	Marginal - 2	Moderate - 3	Critical - 4	Catastrophic - 5
		Severity				

(NOTE: This matrix is based on risk assessment matrix according to MIL-STD-882C[5])[6]

Extreme: The risks that gets a score between 10 to 25 and falls into the red cells. These risks require immediate and urgent actions.

High: Risks that's falls to this category (score of 7 to 9) also require immediate actions, but can also be dealt with substituted strategies.

Medium: With these risks, some reasonable steps and risk management strategies in time. (Score of 4 to 6)

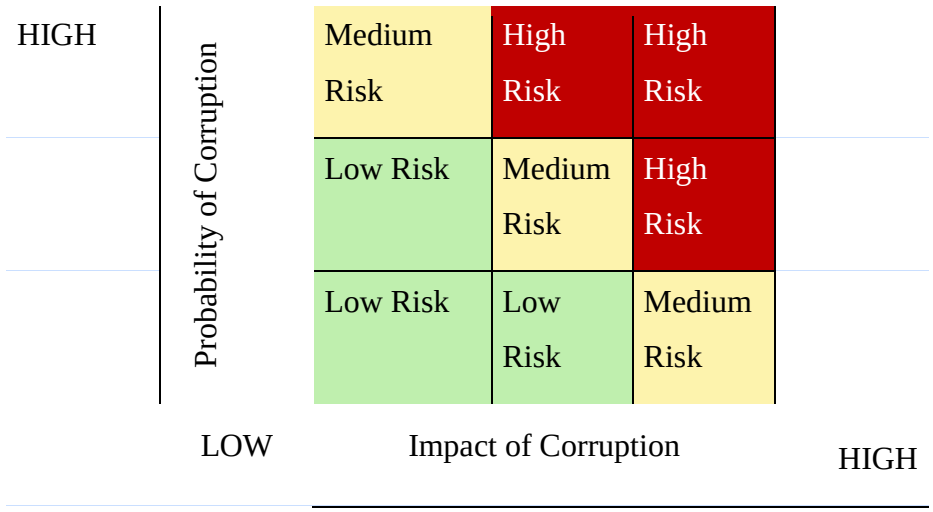
Low: These risks can be overlooked because they usually do not pose much threat. However, some reasonable steps can be taken to improve the overall functionality of the organization. **(**Score of 1 to 3).

[6] https://www.fmv.se/Global/Dokument/Verksamhet/Systems%C3%A4kerhet/MIL-STD-882C.pdf

5. Corruption Risk Assessment

The Corruption Risk Assessment is also assessed based on the likelihood and impact principle. The likelihood and impact are assed under three levels; Low, Medium and High. Thus, the matrix of assessment is as follows;

5.1 Corruption Risk Assessment Matrix



NOTE: This Corruption Risk Assessment Matrix is used by Transparency International in assessing corruption risks[7].

The following sections of the report provides a synopsis of the ACCs situation on the identification and analysis of the institutional risks followed by a mitigation plan to address the risks.

[7] Source: base: http://gateway.transparency.org/tools

6. Commission's Risk Assessment

6.1 Identification and Analysis of Risks

The following are risks identified on Commission's general performance and specific corruption risks. These two risk elements are not separated because a risk can have more than two characteristics. However, on the stage of risk assessment the two will be assessed independently since two individual matrices are used in analyzing. The specific corruption risks noted below are generated from the discussion of the first risk assessment training with UNODC held on 26th - 27th March 2019 at the ACC.

6.2 Situational Assessment

Based on the given methodology, the following risks faced by the Commission were initially discussed and listed. After a concrete evaluation of the risks within the group discussions, each and every identified risk is calculated by allocation of most desirable scores by applying the risk assessment matrix explained in the previous sections. These scores are interpreted as risk values that are prioritized in the following table below.

Description			
	Risks	**Responsible Unit**	**How can it happen (description of scheme)/ Consequences**
1	Inadequate number of staff in certain sections/ units (Strategic Risk)	HR related	Due to various reasons, the sections / units are understaffed. Inadequate recruitment procedures/ slow recruitment process

2	Assignment of tasks irrelevant/ irrespective of the roles, mandate and Standard operating procedures to specific unit (Strategic Risk)	Commissioners / SG	When specific units have been made as per the mandated work plan of the Commission, tasks being assigned to a specific unit out of the mandate of that specific unit – diminishes the quality of the work of the specified unit, delaying the actual mandated work of that unit.
3	Recruitment of staff by favoring a particular candidate (Strategic + Corruption Risk)	Head of HR and related Head of Units / Staff Recruitment Team / Interview Panel	May favor a candidate who is not fully qualified
4	Unsafe working environment (Strategic Risk) Infrastructural issues	Government / Admin & Budget	The physical condition of the workplace is poor causing various health and infrastructural hazards to the staff.
5	Allocation of training opportunities mismatch the functions of the section/unit (Strategic Risk)	HR / Executive Management / SG	Professional skills required to deliver the objectives will be hindered.
6	Lack of planning, policy and international relations section/unit (Strategic Risk)	Executive Management	Due to the lack of existence of such a unit, the work gets assigned to other units whose mandate falls actually to other areas.
7	Technology not being up to date (ICT Risk)	IT /Executive Management	Outdated technology would hinder the work speed and lead to data compromising
8	Lack of a full-fledged automated case management system in operation (Operational Risk)	IT / Executive Management	An automated case management system would collect data and maintain the data accuracy for statistical purpose. The lack of it gives the opportunity to alter data and oversight human errors lead to falsified data.

9	Limited Training opportunities and lack of strict adherences to procedure on how trainings are allocated - (Operational Risk)	HR / Executive Management	The fewer on the job trainings, the less skilled the work force will be.
10	Conflict of Interest (Operational + Corruption Risk)	Relevant Sections / Executive Management	All staff may be exposed to conflicting situations which has to be resolved
11	Procurement related tasks done below professional levels. (with regards to quality, quantity and pricing (Financial + Corruption Risk)	Finance Section	Can conduct frauds in procurement related tasks
12	Leakage of information by management, investigators, staff (Reputational + corruption Risk)	Executive Management, investigators, staff	Members, investigators and staff can leak information outside without collective decision and approval to do so

6.3 Corruption Risk Prioritization

It is clearly identifiable in the following table that the risk values that positioned at the maximum values are coined as having high risk areas in the organization. The risk prioritization numbering is sequenced based on the high risk values. If we take the first five high risk areas, these are positioned above 12 as risk value. Among these, it is for the ACC to decide which major areas to be mitigated.

Evaluation & Prioritization of Risks				
#	**Risk**	**Impact**	**Likelihood**	**Risk Value**
1	Unsafe working environment (Strategic Risk)	5	5	**25**
1	Technology not being up to date (ICT Risk)	5	5	**25**
2	Lack of planning, policy and international relations section/unit (Strategic Risk)	4	5	**20**
2	Inadequate number of staff in certain sections/ units (Strategic Risk)	4	5	**20**
3	Lack of a full-fledged automated case management system in operation (Operational Risk)	4	4	**16**
4	Conflict of Interest in investigation cases (Operational + Corruption Risk)	5	3	**15**
5	Limited Training opportunities and lack of strict adherences to procedure on how trainings are allocated - (Operational Risk)	4	3	**12**

5	Assignment of tasks irrelevant to specific unit (Strategic Risk)	3	4	**12**
5	Leakage of information by management, investigators, staff (Reputational + corruption Risk)	4	3	**12**
6	Procurement fraud (Financial + Corruption Risk)	5	2	**10**
7	Recruitment of staff by favoring a particular candidate (Strategic + Corruption Risk)	4	2	**8**
8	Allocation of training opportunities mismatch the functions of the section/unit (Strategic Risk)	3	2	**6**

7. Mitigation Plan

This section is presented with a Mitigation Plan for the prioritized risk areas. It is suggested that to carry on with the risk mitigation plan, a Risk Mitigation Committee be formed with the Commission that comprises of responsible employees of the units/sections who are allowed to conduct regular discussions and execute the plan and maintain regular reporting to the Commission members. Their roles and responsibilities should be clearly laid, so that even if there is a change in the employee, the processes continues.

Mitigation Plan					
#	Risk	Mitigation Measure	Responsible Person	Required Resources	Timeline
1	Unsafe working environment (Strategic Risk)	Safety & security hazard assessment Analysis of physical safety	Admin & Budget (please be more specific under every risk identified bellow also, is it the Head of the unit, or an officer/s, and what exactly is the responsibility/action	Hiring an expert Budget increase (here, you can be more specific as to what falls under the internal resources that can be addressed/used immediately and what depends on external circumstances… assign the timeline only to internal risks that can be immediately addressed (for example, under this specific risk you can identify some internal	For every action (this is important as it will determine the dynamic of checking the success of the plan and the need to amend, adapt and/or change

				security and safety measures that can reduce the overall hazards of unsafe working environment, like card controlled or coded entrance to specific sections/units, additional visitor registries, undertaking the office space needs assessment	
1	Technology not being up to date (ICT Risk)	Overall need assessment	IT section	Hiring an expert Budget increase	
2	Lack of planning, policy and international relations section/unit (Strategic Risk)	Amendments to the organizational chart approved by MoFT	Executive Management & SG	Budget resource / increased office space	
2	Inadequate number of staff in certain sections/ units (Strategic Risk)	Staff need analysis for full mandate	HR/ SG/ Section Heads	Budget Increase	
3	Lack of a full-fledged automated case management system in operation (Operational Risk)	Technical update	IT section	Staffing / Budget	

4	Conflict of Interest in investigation cases (Operational + Corruption Risk)	Strengthening the current system			
5	Limited Training opportunities and lack of strict adherences to procedure on how trainings are allocated - (Operational Risk)	Training plan / needs assessment & classification of mandatory trainings	HR & relevant section heads	Budget	
5	Assignment of tasks irrelevant to specific unit (Strategic Risk)	Strict adherence to the functions of sections and reviewing them for clarification	SG & relevant section heads	Staff time	
5	Leakage of information by management, investigators, staff (Reputational + corruption Risk)	Security system improvements	SG/HOD/IT		
6	Procurement fraud (Financial + Corruption Risk)	Enforcement of rules and regulations	HR/ Procurement		
7	Recruitment of staff by favoring a particular candidate (Strategic + Corruption Risk)				
12	Allocation of training opportunities mismatch the functions of the section/unit (Strategic Risk)				

The following Officials participated and contributed at the risk mitigation discussions that was conducted at the ACC under the guidance of UNODC from 10th – 11th July 2019. The discussions were facilitated by the UNODC Regional Anti-Corruption Advisor, Ms. Zorana Markovic.

#	**Name**	**Designation**	**Section/ Unit**
1	Ms. Ikleela Ismail	Director of Prevention	Prevention & Research Unit
2	Mr. Adam Shamil	Assistant Investigation Officer	Prevention & Research Unit
3	Mr. Ahmed Yamin	Deputy Director	Finance & Accounts Section
4	Ms. Zihuna Naseer	Legal Officer	Legal & Asset Recovery Unit
5	Ms. Aishath Areefa	Senior Case Officer	Post Investigation & Reporting Unit
6	Mr. Mohamed Shakir	Senior Education Officer	Education & Awareness Unit
7	Ms. Nasira Iqbal	Senior Education Officer	Education & Awareness Unit
8	Ms. Rifaath Ali	Assistant Director	Administration Section
9	Ms. Shazra Ali	Case Officer	Complaints Registration & Evaluation Unit
10	Ms. Mariyam Liusha	Investigation Officer	Investigation Unit
11	Ms. Fathimath Nisha Fahmy	Assistant Research Officer	Prevention & Research Unit
12	Ms. Aishath Liva	Assistant Research Officer	Prevention & Research Unit