

The United Nations Convention against Corruption
**Safeguarding against Corruption
in Major Public Events**

**LESSON 1: Organizational vulnerability to
corruption and risk management**

Understanding organizational vulnerability

- Organizations are vulnerable in different ways to various risk factors.
- Corruption is one of these risks and with it come other associated legal, financial, reputational risks.
- Modern organizations are aware of their vulnerabilities and take steps to protect themselves.

Risk management

- Developing a readiness to deal with unexpected emergencies or events and to mitigate the various risks that an organization's operations are facing.
- A risk-based approach underpins every element of an organization's anti-corruption strategy.

Learning outcomes for this session

- ✓ Understand what risk management and risk mitigation generally involve.
- ✓ Be able to give a few examples of corruption risk management.

Risk management

Methods and process, governed by operational policies, used for:

- ✓ forecasting and evaluating financial and other risks and the organization's exposure to them;
- ✓ identifying procedures and controls to avoid or minimize their impact (risk mitigation measures);
- ✓ implementing and monitoring these various risk mitigation measures.



The risk management process – a continuous cycle

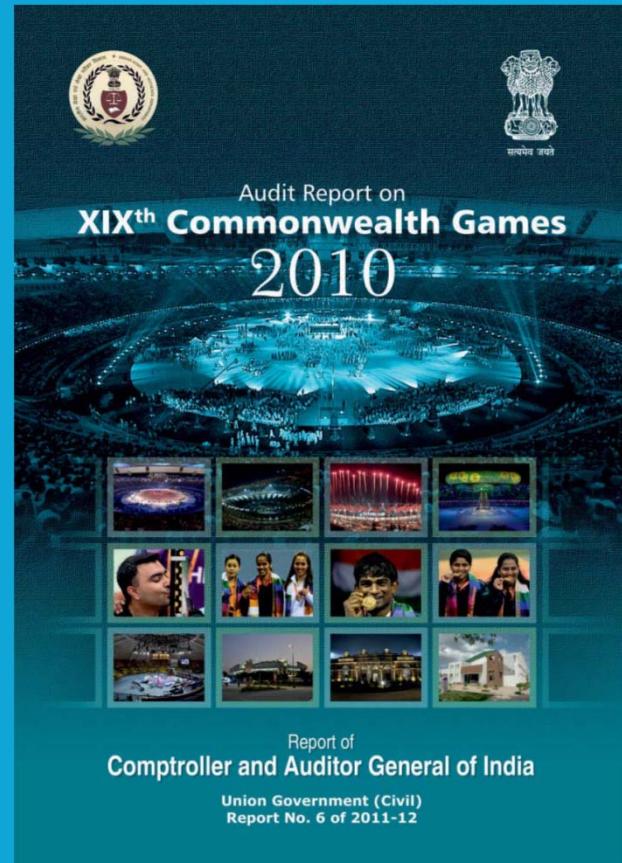


Some definitions

- ***Risk identification:*** Determining what risks exist or are anticipated, their characteristics, source, remoteness in time, and possible impact.
- ***Risk mitigation:*** A systematic reduction in the extent of exposure to a risk and/or the likelihood of its occurrence. Also called risk reduction.
- ***Risk mitigation plan:*** A plan, based on a proper risk assessment, to systematically reduce the extent of exposure to a risk and/or the likelihood of its occurrence (vulnerability of the organization to that risk).
- ***Integrity testing (also: integrity assessment):*** A form of audit in which the risk mitigation strategies and the control process that have been put in place are tested to ascertain that they are actually applied and, if so, with what results.

The XIXth Commonwealth Games - India

- There were reports of irregularities in the award of contracts, delays in construction of stadia, games village and related infrastructure, procurement of equipment of inferior quality or purchase of routine items at exorbitantly high prices.
- Delays in the preparedness and also excessive expenditure attracted negative attention.
- Direct indictment of officials in positions in the different agencies entrusted with either the hosting of the games or developing stadia and associated infrastructure.
- Such adverse publicity undermined the tremendous achievements of sports persons, and indeed, even the successful conduct of the games.



Group work



After reviewing the materials contained in the case study on the organization of the XIXth Commonwealth Games in India:

- ✓ Identify what went wrong in terms of corruption and fraud prevention.
- ✓ Comment on whether, in their view, these problems could have been anticipated and prevented.
- ✓ Identify the main lessons that can be drawn from that experience.

Case study



The Organization of the Commonwealth Games in India

Reports from discussion groups

- What do you think went wrong in this particular case in terms of corruption and fraud prevention?
- Could these problems have been anticipated and prevented?
- What lessons can we draw from that experience?

Key points to remember

- ✓ No organization is immune to the risk of corruption.
- ✓ Modern organizations use strategic approaches to develop a readiness to deal with unexpected emergencies or events and to mitigate the various risks that their operations are facing.
- ✓ Risk management is an iterative process.
- ✓ A risk-based approach is a major underlying principle for every element of an anti-corruption strategy.