



How to Conduct an Effective Corruption Risk Assessment



Risk Assessment Guidelines

All major transnational anti-corruption laws require—or at least presuppose—**risk-based compliance programs**. Government agencies in the United States, the UK and France have published general guidelines for risk assessment/mapping.

U.S. Department of Justice (DOJ) Guidance

In evaluating the effectiveness of corporate compliance programs, the DOJ examines:

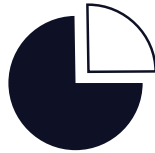
- whether or not a company has “analyzed and addressed” the risks associated with a range of factors;
- documented risk assessment methodology;
- relevant information-gathering and data access; metrics used;
- periodic updates to risk assessments; and
- the incorporation of any lessons learned.

UK Ministry of Justice (UKMOJ) Guidance

The UKMOJ's guidance indicates that risk assessment should be “periodic, informed and documented” and proportionate. It calls on companies to analyze **a combination of external risk factors**, including:



geographic
risk



sectoral
risk



transactional
risk



business
opportunity risk



business
partnership risk

The guidance also lists **internal risk factors** companies should consider.

French Anti-Corruption Agency (AFA) Guidance

According to the AFA, risk mapping should be “**objective, structured and documented.**”

The agency describes in detail six recommended steps of the risk mapping process:

1. roles and responsibilities of risk mapping stakeholders;
2. identification of the risks inherent in the company's activities (process identification and risk scenarios);
3. assessment of **gross risks** (the corruption risks to which a company is exposed without regard to any compliance or control measures);
4. assessment of **net or residual risks** (the corruption risks that remain after taking into account any existing compliance and control measures);
5. net or residual risk ranking and preparation of the action plan; and
6. formalizing, updating and archiving the risk map.

STEP

1

Gather Information

Many companies gather risk assessment input data through **internal questionnaires, interviews and brainstorming sessions** with employees at all levels of key functions throughout the company, and possibly **external questionnaires for select third parties**.

Additionally, review any **compliance incidents within the company and hotline reports** over the last 12 to 24 months, along with **enforcement trends or media reports about other companies** in the same industry or geographic location.

STEP

2

Analyze and Quantify Risks

Based on the information collected through questionnaires, interviews and group discussions, identify the corruption risk scenarios facing the company. There are **qualitative and quantitative approaches** to assessing these risks, including numerical formulas and heat mapping for evaluating the risks' likelihood and impact, which are detailed in the **full white paper**.

STEP

3

Document Risks

Once the risks are identified, analyzed and prioritized, it is important to **keep a record of all identified risks**, either separately or in a risk register.

STEP

4

Create a Risk Management Action Plan

For risks that are not adequately addressed by the existing compliance program and controls (i.e. those with high residual risk scores), **draw up a detailed action plan** to adequately address such risks based on their priority. This will help establish the company's documented risk management strategy.



This information is from TRACE's **“Guide to Corruption Risk Assessment and Risk Mapping”** white paper.

The full white paper is available in the members-only TRACE Resource Center at www.TRACEinternational.org/resource-center.