

(Approved by the Resolution of the Head of
the Corruption Prevention and Combating Bureau dated 31 January 2018)

**Guidelines on Basic Requirements for Internal Control System for
the Prevention of the Risk of Corruption and Conflict of Interest
in Institutions of a Public Person**

Riga, 2018

INTRODUCTION

Guidelines on Basic Requirements for Internal Control System for the Prevention of the Risk of Corruption and Conflict of Interest in Institutions of a Public Person (hereinafter — the “Guidelines”) have been developed with the aim to ensure the observance of Cabinet Regulation No. 630 of 17 October 2017 “Regulations Regarding Basic Requirements for Internal Control System for the Prevention of the Risk of Corruption and Conflict of Interest in Institutions of a Public Person” and to facilitate the understanding of basic requirements for the internal control system for the preventing of the risk of corruption and conflict of interest (hereinafter — the “corruption risk”) in institutions of a public person.

These Guidelines ensure the fulfilment of the recommendations of the Organisation for Economic Co-operation and Development¹, and of the tasks included in the Guidelines for the Corruption Prevention and Combating 2015–2020.

The goal of these Guidelines is to provide recommendations, methodological assistance and examples to the institutions of a public person on the creation, improvement and maintenance of an internal control system for the prevention of the corruption risk.

These Guidelines have been prepared by the inter-institutional working group, which consisted of representatives from the Corruption Prevention and Combating Bureau, the Cross-Sectoral Coordination Centre, the State Revenue Service, the Bureaucracy Combating Centre of the Riga City Council, and the Internal Security Bureau.

¹ To ensure that for State-owned companies, the guidelines for internal control in the field of anti-corruption are clearly aimed against the bribery of foreign officials; one of the focuses of the guidelines is the prevention of the corruption risk in foreign transactions

I. General Provisions

Terms used in these Guidelines:

- 1) **institution** — an institution of a public person, including a capital company of a public person (hereinafter — “capital company”);
- 2) **head of an institution** — the head of an institution of a public person or his/her authorised person (in a capital company — the board or a person authorised by the board);
- 3) **corruption risk** — probability that any of the employees having power or responsibility within the framework of certain authorisation will, either intentionally or unintentionally, act in favour of his/her or another person’s material interests, gaining him-/herself or ensuring to others undue benefits and causing damage to an institution;
- 4) **corruption risk management** — a set of measures that stipulate the regular identification and assessment of corruption risks, the determination of priorities, the planning and implementation of actions for the reduction (or elimination) of corruption risks, the revision of risk reduction (or elimination) measures, and the assessment of results of risk reduction (or elimination) measures.

The goal of corruption risk management:

- 1) **to create** a control environment which reduces or prevents the violations of norms determined in the Law On Prevention of Conflict of Interest in Activities of Public Officials (hereinafter — the “Conflict of Interest Law”), and corruptive activities;
- 2) **to identify** possible corruption risks, the occurrence of which may affect the fulfilment of set goals and tasks or causes another type of harm (losses of funds; the reputation of an institution is destroyed; negative attitude of the public to an institution or negative attitude to employees is promoted, etc.) to an institution;
- 3) **to introduce** appropriate measures for the reduction (or elimination) of corruption risks;
- 4) **to revise** the identified corruption risks and **to assess** the effectiveness and expediency of measures for the reduction (or elimination) of corruption risks;
- 5) **to reduce** (or **eliminate**) possible corruption risks and to facilitate the correct use of human, financial and material resources;
- 6) **to supervise** the fulfilment of set measures for the reduction (or elimination) of corruption risks.

The head of an institution shall ensure the creation, improvement and maintenance of an internal control system for the prevention of the corruption risk.

Having assessed the scope of corruption risks and their impact, the head of an institution, taking into account expediency considerations, may authorise an employee or an existing structural unit (for example, in case of a capital company — small and medium capital companies) or create a separate structural unit (for example, in case of a capital company — large capital companies) for the creation and supervision of an internal control system for the prevention of corruption risks².

The head of an institution shall, at his/her discretion, include in the already existing internal control system the basic requirements set forth in Cabinet Regulation No. 630 of 17 October 2017 “Regulations Regarding Basic Requirements for Internal Control System for the Prevention of the Risk of Corruption and Conflict of Interest in Institutions of a Public Person” or develop a separate Plan of Anti-Corruption Measures.

The Plan of Anti-Corruption Measures developed in accordance with these Guidelines can be determined as limited accessibility information, as it reveals the detailed analysis and assessment of corruption risks, as well as includes control measures for the reduction or elimination of the corruption risk.

II. Creation of Internal Control Environment

The head of an institution shall create a control environment aimed at eliminating the corruption risks, preventing the violation of norms determined in the Conflict of Interest Law and corruptive activities.

To ensure the creation of a control environment, the head of an institution shall:

1. Approve the principles of ethics binding to all employees of the institution.

The principles of ethics of the institution shall be determined in the Code of Ethics or another internal regulatory enactment, ensuring its public availability on the website of the institution.

The basic principles of ethics (for example, integrity, justice, objectivity, independence, professionalism, openness) shall be determined promoting the lawful and honest activities of employees in the interests of the public and preventing the violations of norms determined in the Conflict of Interest Law and corruptive activities. The Code of Ethics may determine the recommended actions in the situation of conflict of interest, as well as the recommended

² The classification of capital companies by size is recommended in accordance with Cabinet Regulation No. 791 of 22 December 2015 “Regulations on the Number of Members of the Board and of the Council of Capital Companies of a Public Person and Public-Private Capital Companies According to Characterising Indicators of Sizes of a Capital Company, on the Maximum Amount of Monthly Remuneration to the Members of the Board and of the Council”.

actions and attitude towards the acceptance of gifts, offers of entertainment, any forms of favour or gratitude equivalent to a gift, etc.

2. Assess whether the institution, according to its functions and tasks, has determined the official duties of employees, limits of authority, decision-making procedures, liability, as well as the procedures for the post-verification of decisions.

Official duties, the scope of authority and rights must be determined for the employees, who fulfil any of the institution's functions or tasks, for the fulfilment of a particular function or task.

In turn, if, for example, an employee must fulfil a duty of episodic nature, which is not specified in the job description (for example, "other management orders and tasks"), its content and fulfilment procedures must be determined in an internal regulatory enactment (for example, order, instruction, etc.).

3. Stipulate the following in internal regulatory enactment:

3.1. procedures pursuant to which employees must act in cases in order to report possible violations (inter alia, possible corruptive activities), including measures for ensuring the anonymity and protection of the reporter;

It shall be clearly determined as to whom (contact person) and how (in writing, in electronic form or by introducing a reporting box, etc.) an employee (reporter) of an institution can submit a report on possible violations committed by other employees, simultaneously keeping the anonymity of the reporter.

3.2. procedures pursuant to which public officials report on being in a situation of conflict of interest, as well as procedures pursuant to which the functions of a public official in the situation of conflict of interest are delegated for fulfilment to another public official;

It shall be determined as to whom and how (in writing or in electronic form, using an application form or a free-form application) a public official reports on the reason for being in a situation of conflict of interest, as well as procedures pursuant to which, after receiving information, the fulfilment of functions of the relevant public official is delegated to another public official.

3.3. procedures for the issue/signing of authorisations for multiple office holding, assessing whether legal and factual circumstances, which existed at the moment of issue of the authorisation, have changed and whether the particular multiple office holding of a public official still does not cause a conflict of interest, does not contradict the norms of ethics binding for the public official and does not affect the fulfilment of direct duties of the public official.

It shall be determined as to whom, how (in writing or in electronic form, using an application form or a free-form application), within which term and

which information a public official includes when requesting an authorisation for the multiple office holding of a public official. Likewise, it is necessary to stipulate the periodic (for example, once a year) revision of the authorisation for the multiple office holding of a public official, during which it shall be assessed whether legal and factual circumstances, which existed at the moment of issue of the authorisation, have changed and whether the particular multiple office holding of a public official still does not cause a conflict of interest, does not contradict the norms of ethics binding for the public official and does not affect the fulfilment of direct duties of the public official.

In turn, in order to establish whether legal and factual circumstances, which existed at the moment of issue of the authorisation, it would be necessary to impose a duty on employees to inform the head of an institution about any changes to these circumstances.

The aforementioned procedures may be laid down in a separate internal regulatory enactment (in the already existing one (for example, the Code of Ethics or the Internal Regulations) or a new one) or in certain external regulatory enactments.

III. Identification, Analysis and Assessment of Corruption Risks

In order to ensure the identification, analysis and assessment of corruption risks, the head of an institution shall:

1. Assess and identify the functions (tasks), areas of activity or processes subject to the corruption risk.

The functions (tasks), areas of activity and processes (*see Box 1 of Table 1*), during the fulfilment of which the official duties of employees are related to the following, are subject to the corruption risk:

- a) the supervision and/or control of activities of private persons and of the fulfilment of institution's functions, inter alia, in the field of business activities carried out in communication with a private person, or in carrying out the supervision and control of activities of private persons outside the institution;
- b) the right to dispose of funds and property of the institution of a public person;
- c) public procurements, procurements of a public service provider and public-private partnership;
- d) the adoption of decisions on the distribution, re-distribution, alienation, usage or lease, as well as acquisition of material values;
- e) actions with cash or other valuable assets;
- f) the development of draft decisions and legal acts binding to other persons or the issue of legal acts (for example, administrative acts, authorisations,

- issue of licences, granting of social assistance and other rights, administration of taxes and duties);
- g) the exercising of investigation and administrative punishment authority, the performance of operational activities;
 - h) the circulation of objects of State secret and information containing commercial secret;
 - i) limited accessibility information, as well as personal data.

Table 1.

Prevention of corruption risks, identification of positions subject to the corruption risk, and determination of measures for the reduction or elimination of the risk (example)

Function (tasks) to be fulfilled / area of activity / process	Risk; description of the risk incident	Probability	Impact	Risk value	Risk level	Position subject to risk	Measure for the reduction or elimination of risk	Person responsible for taking the measure	Term of fulfilment
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Organisation of “sub-threshold” procurements	1) Unlawful actions within the framework of a public procurement with the aim to gain benefit for oneself or another person. Market research is carried out so as to ensure that a contract is signed with a particular (preferable) applicant.	5	4	20 ³	VH	Chief Specialist of the Maintenance Division	1) to determine procedures pursuant to which “sub-threshold” procurements are organised by an institution; 2) to organise training on matters concerning the prevention of conflict of interest; 3) to introduce the “four eyes principle” in the preparation of a draft contract, in control over the performance of the contract, etc.	Head of the Legal Division; Head of the Maintenance Division; Head of the Personnel Management Division.	31.12.2018
	2) Unlawful actions within the framework of a public procurement with the aim to gain benefit for oneself or another person. Conditions favourable for a particular (preferable) applicant are integrated in the contract.	5	4	20	VH				
	3) Unauthorised use (disclosure) of information with the aim to gain benefit for oneself or another person. A particular (preferable applicant) is informed about another applicant, for example, its offered price.	5	4	20	VH				
	4) Fulfilment of functions of a public official in a situation of conflict of interest. The management is not informed that the applicant’s company employs (at a managing position) a relative or another close person of the person that carries out market survey, etc.	4	4	16	H				

If an institution assesses corruption risks, using *Table 1*, positions subject to the corruption risk the most are the positions, in which the value of the corruption risk is higher; for example, positions with at least medium level, i.e., medium (M), high (H) and very high (VH) priority, shall be assessed (see *Table 4 and 5*).

³Risk value (20) =5×4

2. Taking into account the existing control mechanisms, identify corruption risks and assess the probability of their occurrence and impact (caused consequences) in the event of occurrence.

According to functions, areas of activity or processes at the institution, the corruption risks are identified (*see Box 2 of Table 1*), the probability of occurrence of the corruption risk (*see Box 3 of Table 1*) and its impact in the event of occurrence, i.e., caused consequences (*see Box 4 of Table 1*), are assessed, taking into account the existing control mechanisms.

The following information sources can be used for identifying corruption risks:

- 1) internal and external regulatory enactments;
- 2) shortcomings, violations and discrepancies established in internal audit reports;
- 3) shortcomings, violations and discrepancies established during internal control and inspection;
- 4) complaints, surveys of inhabitants;
- 5) information (surveys, reports) provided by employees (including managers);
- 6) results of audits of the State Audit Office;
- 7) the analysis of inspections and disciplinary cases of the service;
- 8) external information — information or comments in mass media;
- 9) information provided by the person directing the criminal proceedings.

Examples of corruption risks:

- 1) the requesting and acceptance of unlawful benefit;
- 2) the unauthorised acceptance of gifts;
- 3) the unauthorised use of information with the aim to gain benefit for oneself or another person;
- 4) illegal actions within the framework of public procurements with the aim to gain benefit for oneself or another person;
- 5) the misuse of the official position;
- 6) the fulfilment of functions of public officials in a situation of conflict of interest;
- 7) unauthorised actions with the property or funds belonging to the institution or transferred into its use, storage;
- 8) the deliberate concealment of information in own or another person's interests;
- 9) the deliberate non-fulfilment or negligent fulfilment of duties set for an employee in his/her own or another person's interests;

- 10) influencing an employee for the purposes of achieving the adoption of a decision favourable for the person;
- 11) unequal attitude in the adoption of decisions towards other employees or candidates for a position at an institution;
- 12) and other corruption risks identified at the institution.

During the process of corruption risk assessment, the **probability** of occurrence of corruption risks and their possible **impact (consequences)** in the event of occurrence are determined, thus identifying the value of the corruption risk, which is the basis for determining the **level of risk** and adopting a decision on **responding to corruption risks**.

The following is assessed in the process of analysis:

- 1) how high the probability is that the possible corruption incident will occur;
- 2) which and how significant consequences can be caused by the possible corruption risk;
- 3) which controls (measures for eliminating corruption risks) already exist reducing the corruption risk.

In order to determine the probability of occurrence of the corruption risk, it is assessed whether and how often the occurrence of the corruption risk is possible. Taking into account that the determination of the **probability** of occurrence of the corruption risk is subjective, in order to determine the probability of occurrence of corruption risks more precisely, institutions must develop a probability assessment scale (taking into account the activities and specific nature of the institution), specifically determining the criteria for the determination of the possibility value (*see Table 2*).

Each institution shall develop the methodology for the assessment of corruption risks (see Table 2) adapted to the specific nature of the particular institution and functions (tasks / activities) to be fulfilled.

The institution, creating/improving the corruption risk assessment methodology, determining **the numeric value of probability**, can take into account the following:

- 1) the nature of an activity, the performance of which may result in the corruption risk (how often the activity is performed; whether any special skills are necessary; how many employees are involved);
- 2) actual events (occurred incidents);
- 3) complaints (from employees, clients, etc.);
- 4) information in mass media;
- 5) internal factors (lack of motivation, lack of knowledge and skills);
- 6) control mechanisms;
- 7) and other criteria determined by the institution.

Table 2.

Assessment of the probability of the corruption risk (*example*)

Probability assessment <i>(the numeric value of corruption risk probability is determined by choosing the description maximum corresponding to the maximum value of probability)</i>	
Numeric value of probability	Description
1 (impossible)	<ul style="list-style-type: none"> - <u>the fulfilment of a function (task) is regulated by external and internal regulatory enactments</u>, it is introduced in practice and <u>all employees</u>, who ensure its fulfilment, <u>observe this practice</u>; - <u>the function</u> (tasks or activities), during the fulfilment of which the corruption risk occurs, <u>is fulfilled periodically, for example, several times a year</u> - <u>there are no historical cases of implementation of corruption risks</u>; - <u>there are have been no complaints (also verbal) and other information (“signals”) regarding the possible corruption incident and/or violations of norms determined in the Conflict of Interest Law, in fulfilling a particular function (task)</u>; - <u>strict control is ensured during the fulfilment of a function (task) (for example, electronic data reading, electronic preparation of invoices, etc.)</u>; - <u>and other criteria determined by the institution.</u>
2 (low)	<ul style="list-style-type: none"> - <u>the fulfilment of a function (task or activity) is regulated by external and internal regulatory enactments</u>; - <u>the function</u> (tasks or activities), during the fulfilment of which the corruption risk occurs, <u>is fulfilled periodically, for example, at least once a month</u> - <u>there are no historical cases of implementation of corruption risks</u>; - <u>there are have been no complaints (also verbal) and other information (“signals”) regarding possible corruption activities and/or violations of norms determined in the Conflict of Interest Law</u>; - <u>it is possible to find out about the violation before it is committed</u> (the observance of the “four eyes principle” in the fulfilment of a task); - <u>and other criteria determined by the institution.</u>
3 (medium)	<ul style="list-style-type: none"> - <u>the fulfilment of a function (task or activity) is regulated by external and internal regulatory enactments</u>; - <u>the function</u> (tasks or activities), during the fulfilment of which the corruption risk occurs, <u>is fulfilled periodically, for example, at least once a week</u> - <u>there are have been no complaints (also verbal) and/or other information (“signals”) regarding the possible corruption incident or violations of norms determined in the Conflict of Interest Law</u>; - <u>activities of corruptive nature and/or the violations of</u>

	<p><u>norms determined in the Conflict of Interest Law have been identified;</u></p> <ul style="list-style-type: none"> - it is possible to <u>find out about the violation after it is committed;</u> - and other criteria determined by the institution.
4 (high)	<ul style="list-style-type: none"> - the fulfilment of a function (task or activity) is regulated by external and internal regulatory enactments; - <u>the function</u> (tasks or activities), during the fulfilment of which the corruption risk occurs, <u>is fulfilled constantly, for example, every day</u> - there are have been no complaints (also verbal) and/or other information (“signals”) regarding possible activities of corruptive nature and/or violations of norms determined in the Conflict of Interest Law; - violations of norms determined in the Conflict of Interest Law and/or activities of corruptive nature have been established; - <u>it is possible to find out about the violation after it is committed;</u> - and other criteria determined by the institution.
5 (very high)	<ul style="list-style-type: none"> - the fulfilment of a function (task or activity) is regulated by external regulatory enactments; - the function (tasks or activities), during the fulfilment of which the corruption risk occurs, is fulfilled constantly, for example, every day; - violations of norms determined in the Conflict of Interest Law and/or activities of corruptive nature have been established; - there are have been no complaints (also verbal) and/or other information (“signals”) regarding possible activities of corruptive nature and/or violations of norms determined in the Conflict of Interest Law; - <u>the fulfilment of a function (task) is not controlled by anyone or is controlled by one person;</u> - and other criteria determined by the institution.

Taking into account that the determination of the possible **impact** (consequences) of occurrence of the corruption risk is subjective, in order to determine the impact of the corruption risk in the event of occurrence, institutions must develop **an impact assessment scale** (taking into account the activities and specific nature of the institution), specifically determining the criteria for the determination of the impact value.

In analysing corruption risks, it is necessary to assess their impact or consequences in the event of occurrence. In determining the **numeric value of impact** of the corruption risk, the following can be taken into account:

- a) impact on the fulfilment of strategic effective indicators of the institution and the attainment of strategic goals;
- b) impact on the fulfilment of tasks or certain processes;
- c) lost budget revenues of the institution of a public person;
- d) financial losses of the budget of a public person;
- e) harm to the reputation of the institution at a national or international level with the incident being covered by mass media;
- f) loss of public trust;
- g) “leakage” of key managers or experienced workforce from the institution; frequent changes in personnel;
- h) and other criteria determined by the institution.

Table 3.

Assessment of the impact of the corruption risk (*example*)

Impact assessment (the numeric value of corruption risk impact is determined by choosing the <i>description maximum corresponding to the numeric value of impact</i>)	
Numeric value of impact	Description
1 — very low	<ul style="list-style-type: none"> - limited impact on reputation — the activities of an institution are not affected; - unethical behaviour, which is not a violation of legal norms; - dissatisfaction of several employees; - and other criteria determined by the institution.
2 — low	<ul style="list-style-type: none"> - minor impact on reputation — no significant impact on the attainment of institution’s goals; - violation resulting in a disciplinary sanction; - information does not become publicly available; - dissatisfaction of employees; - and other criteria determined by the institution.
3 — medium	<ul style="list-style-type: none"> - medium impact on reputation — short-term impact on the ability to attain institution’s goals; - non-observance of set restrictions and prohibitions (administrative liability); - short-term notifications in national media or other institutions; - changeability of certain employees; - and other criteria determined by the institution.
4 — high	<ul style="list-style-type: none"> - significant impact on reputation — impact on the ability to attain institution’s goals in the medium term; - fulfilment of official duties in a situation of conflict of interest (administrative or criminal liability); - events widely covered in mass media or other institutions; - changeability of experienced employees, possibly, leaving of medium-level managers; - and other criteria determined by the institution.
5 — very high	<ul style="list-style-type: none"> - crucial impact on reputation — long-term impact on the ability to attain institution’s goals;

	<ul style="list-style-type: none"> - criminal offence; - events widely covered in national or foreign mass media with a long-term effect; - leaving of high-level managers; - and other criteria determined by the institution.
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For the purposes of determining the values of the corruption risk, one of the following formulae can be used:

$$RV = P + I$$

or

$$RV = P \times I$$

where

P — probability;

I — impact;

RV — risk value.

According to the results obtained, corruption risks are placed in the order of priority, and measures for the reduction and elimination of corruption risks are determined by completing *Table 1*.

Table 4.

Array for determining the level of the corruption risk
(if the formula $RV=P+I$ is used to determine the value of risk)

Impact of risk	Probability of risk				
	1	2	3	4	5
5	H 6	H 7	H 8	VH 9	VH 10
4	M 5	M 6	H 7	H 8	VH 9
3	M 4	M 5	H 6	H 7	H 8
2	L 2	L 4	H 5	M 6	H 7
1	VL 2	L 3	L 4	H 5	M 6

Table 5

Array for determining the level of the risk of corruption
(if the formula $RV=P \times I$ is used to determine the value of risk)

Probability of risk	Impact of risk				
	1	2	3	4	5
5	M 5	H 10	H 15	VH 20	VH 25
4	M 4	M 8	H 12	H 16	VH 20
3	L 3	M 6	H 9	H 12	H 15
2	L 2	L 4	M 6	M 8	H 10
1	VL 1	L 2	M 3	M 4	H 5

The admissibility level of the corruption risk is specified in Table 4 and 5, where:

- 1) VH — the corruption risk with a **very high level of priority**: risk with a very high probability and a very high impact on the attainment of goals and tasks set for the institution; the risk is inadmissible; immediate action is necessary to reduce the corruption risk;
- 2) H — the corruption risk with a **high level of priority**: risk with a high probability and a high impact on the attainment of goals and tasks set for the institution; the risk is inadmissible; immediate action is necessary to reduce the corruption risk;
- 3) M — the corruption risk with a **medium level of priority**: risk with a medium probability and a medium impact on the attainment of goals and tasks set for the institution; the risk is almost admissible; measures for the reduction of the corruption risk can be determined;
- 4) L — the corruption risk with a **low level of priority**: risk with a low probability and a low impact on the attainment of goals and tasks set for the institution; the risk is admissible;
- 5) VL — the corruption risk with a **very low level of priority**: insignificant risk with a very low probability and a very low impact on the attainment of goals and tasks set for the institution; the risk is admissible.

It must be taken into account that in cases when the value of the corruption risk is low (i.e., the impact of risk is low and the probability is low), measures for the reduction of the corruption risk may not be determined. When determining measures for the reduction or elimination of the corruption risk, it

must be ensured that costs do not exceed the benefits from eliminating this corruption risk.

3. **Identify positions subject to the corruption risk.**

Positions subject to the corruption risk — positions, in which employees are authorised to make binding decisions on behalf of the institution or perform activities that affect or may affect the life, activity or financial position of a private person, and in which an employee may use his/her official position for selfish purposes, etc.

Positions are subject to the corruption risk when during the fulfilment official duties/tasks:

- 1) an employee has the possibility of acting singly, inter alia, the distribution of liability, distinguishing the preparation of a decision from the adoption of a decision, is not ensured in the fulfilment of duties;
- 2) an employee is granted the freedom to act, which is not restricted by regulatory enactments (external/internal);
- 3) activities performed are not documented, i.e., recorded in writing, and the basis for the performance thereof cannot be verified;
- 4) the regular post-control of decisions (actions) does not exist or is not carried out;
- 5) the mutual supervision principle (the “four eyes principle”) is not used in the decision-making process;
- 6) no liability is stipulated for committed violations;
- 7) video surveillance or audio recording is not carried out or is impossible;
- 8) the implementation of the supervision and control functions with regard to private persons is carried out outside the institution;
- 9) there are no employee control and supervision mechanisms; no supervision and control of work tasks of employees is ensured;
- 10) there have been corruption cases or violations, in which the signs of possible corruption were found, in this position;
- 11) there have been complaints regarding the decisions adopted by officials holding the particular position.

Table 6

Assessment of positions subject to the corruption risk *(example)*

Tasks / activities to be fulfilled within the framework of the function, in which there are corruption risks													
0 — the said task/activity is not fulfilled 1 — the said task/activity is fulfilled 0.25 – 0.5 – 0.75 — the said task/activity is fulfilled, but the frequency of the activity to be performed must be taken into account	The supervision and/or control of activities of private persons, inter alia, in the field of business activities carried out in communication with a private person, or in carrying out the supervision and control of activities of private persons outside the institution	Actions with the funds and property of the institution of a public person	The fulfilment of official duties in the field of public procurements, procurement of a public service provider and public-private partnership	Actions with cash or other valuable assets	Adoption of decisions on the distribution, re-distribution, alienation, usage or lease, as well as acquisition of material values	Adoption/preparation of decisions, related to personnel management, remuneration matters	Adoption and preparation of decisions binding to other persons	Pre-trial investigation, operational activities	Development and adoption of legal acts	Actions with the objects of State secret	Actions with limited accessibility information, as well as personal data	Value (1+2+3+...)	Comment (it is possible to specify information, for example, circumstances confirming the corruption risk, to which the head of an institutions must pay attention)
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
Position No. 1	0.25	0.75	0	0	0.25	0	1	0	0	0	1	3.25	
Position No. 2	0.75	1	1	0.25	0.5	1	1	0	0.75	0.25	1	6.5	
Position No. 3	0	1	1	0	1	1	1	0	1	1	1	8	
Position No. 4	0	0.5	0	0	0	0	0	0	0	1	1	2.5	For example, Position No. 4 is determined within the institution as a “position less subject to the corruption risk”, but it is necessary to pay attention to the fact that the employee(s) holding this position handle(s) the objects of State secret.
Position No. 5	1	1	0	0.25	0.5	0.5	1	0	0	0	1	5.25	
Position No. 6	0	1	0	1	0	1	1	1	0	1	1	7	

Explanation of the example

To identify positions subject to the corruption risk:

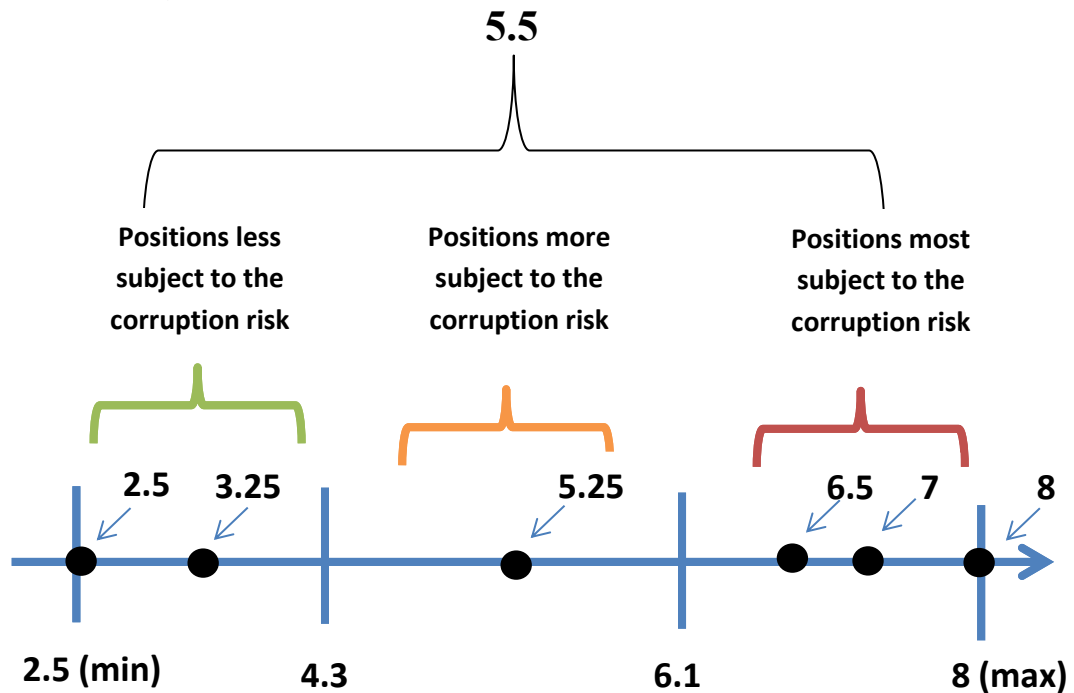
- 1) the tasks / activities to be fulfilled within the framework of the institution's function, in which there is the corruption risk, shall be identified;
- 2) all positions at the institution shall be listed;
- 3) it shall be assessed whether an employee holding a particular position fulfils tasks / activities, which are subject to the corruption risk, determining numeric values, for example (*see Table 7*):

Table 7

**List of criteria for the assessment of
positions subject to the corruption risk (example)**

Numeric value of corruption risk	Description
0	the said task / activity is not fulfilled (for example , the fulfilment of the particular task / activity is not mentioned in the employee's job description as a duty; likewise, there is no probability that the employee will fulfil the particular task / activity within the framework of the existing position).
0.25	the said task / activity is fulfilled periodically (for example , once or a couple of times a year) or has not been fulfilled before, but there is a probability that the employee will fulfil the particular task / activity within the framework of the existing position (for example , the employee has not been included in the procurement commission at the institution before, but there is a probability that he/she will be included in the procurement commission).
0.5	the said task / activity is fulfilled periodically (for example , the employee fulfils the said activity / task at least once a month).
0.75	the said task / activity is fulfilled periodically (for example , the employee fulfils the said activity / task at least once a week).
1	the said task / activity is fulfilled (for example , the fulfilment of the said task / activity is the principal duty of the employee, which is fulfilled every or almost every day, for example , for a lawyer — development and preparation of draft regulatory enactments; for the Chief Specialist of the Maintenance Division — organisation of procurements).

- 4) the “value of the corruption risk” of the position shall be obtained;
- 5) it shall be assessed which positions are subject to the corruption risk, optionally, dividing positions in two, three or more groups, determining the positions which are less subject to the corruption risk and the positions which are more subject to the corruption risk (see Table 1);



Assessment of positions subject to the corruption risk (Figure 1)

- 6) measures that reduce (or eliminate) the corruption risk in the fulfilment of duties of positions (which more and most subject to the corruption risk) shall be determined.

Based on the fact that the positions subject to the corruption risk are determined according to whether the tasks/activities, in which there is the corruption risk, are fulfilled within the framework of the particular position, **the assessment of positions subject to the corruption risk (Table 6) must be revised:**

- 1) within the term determined in Cabinet Regulation No. 630 of 17 October 2017 “Regulations Regarding Basic Requirements for Internal Control System for the Prevention of the Risk of Corruption and Conflict of Interest in Institutions of a Public Person”, i.e., at least once in three years;
- 2) if the institution is restructured (thus, possibly, the titles of positions, official duties, etc. have changed);
- 3) if official duties have changed for (an) employee(s);
- 4) in other cases determined by the institution.

The list of positions subject to the corruption risk is a tool for the head of an institution, which enables him/her to identify the positions which are less, more and most subject to the corruption risk, thus ensuring the possibility of determining additional measures for the reduction of the corruption risk (for example, the establishment of working groups and commissions; the introduction of the four eyes principle; the principle of randomness in the division of work tasks, etc.).

IV. Determination, Introduction and Implementation of Measures for the Elimination of the Corruption Risk

After the identification and assessment of corruption risks, the head of an institution shall ensure the determination, introduction and implementation of measures for the prevention of the corruption risk, **for example**:

1. **Development of internal regulatory enactments (inter alia, instructions, procedures, etc.), their updating.**

2. **Control and post-verification of conformity to regulatory enactments and procedures** (regular or random).

3. **Distribution of functions or liability.**

If it is possible and does not deteriorate the quality of fulfilment of the function, the function shall be divided into several stages, without increasing the use of resources and bureaucracy, and the implementation of each stage of the function shall be entrusted to another person.

4. **Training on matters concerning the prevention of corruption and conflict of interest.**

Employees, whose position is subject to the corruption risk, must be provided with training upon taking the position, as well as with additional training on current matters in the prevention of conflict of interest and in the prevention and combating of corruption at least once in three years.

5. **Introduction of such special approaches as follows:**

5.1. the introduction of the “four eyes principle”, which envisages that the same activity is fulfilled by at least two persons;

5.2. the registration of exceptions, which envisages that each institution must ensure that exceptional cases or deviations from the set procedures are documented and substantiated, and an approval is received for them from a higher-ranking official prior to the performance of an exceptional activity;

5.3. rotation;

5.3.1. the principle of randomness in the distribution of work tasks;

5.3.2. the rotation of duties, for example, within the framework of one department;

5.3.3. the rotation of positions, offering another equivalent position;

5.3.4. regional rotation, changing the geographical location, mobility;

5.3.5. international rotation.

6. **Physical control** (audio/video surveillance).

7. **Action plan, safe reporting mechanism** for employees in order to report on possible violations.

8. **Motivation of employees.**

9. **Enhancing the attention of employees.** Informing about the most frequent errors.

The identified corruption risks, positions subject to the corruption risk, as well as measures for the elimination of the corruption risk shall be revised **at least once in three years** and the **effectiveness and expediency** of these measures shall be assessed.

Measures for the elimination of the corruption risk are considered to be effective, if the introduction of the relevant measures for the prevention of the corruption risk has not resulted in an increase in the probability of risk and the corruption risk has not occurred during the reporting period.

Measures for the elimination of the corruption risk are considered to be expedient, if the measures for the prevention of corruption risks, determined during the reporting period, are considered to be effective at the moment of assessment and are implemented by using the smallest number of resources possible (including finances).

It is recommended to revise more frequently the identified corruption risks and the measures to be taken for the elimination of the corruption risk, if:

- 1) the institution is restructured;
- 2) a corruption incident or an incident of conflict of interest has taken place at the institution;
- 3) substantiated reports on possible violations at the institution have been received;
- 4) tasks are changed for the institution or new types of services are introduced;
- 5) in other cases determined by the institution.

V. Prevention of Bribery of Foreign Officials

To prevent the bribery of foreign officials, capital companies shall:

1. Include a clearly formulated prohibition on the bribery of foreign officials, which applies to the employees of all levels, in internal regulatory enactments (code of ethics, guidelines, etc.). The risk of bribery of foreign officials is especially topical for the capital companies, the activities of which are related to the involvement of foreigners, for example, provision of services, signing of cooperation agreements abroad, etc.

2. Determine the recommended actions and the recommended attitude of employees with regard to the following in internal regulatory enactments:

- the acceptance of gifts (value of gifts, informing of the management or another authorised person about the receipt of gifts, etc.);
- the offers of hospitality and other expenses (for example, in which cases it is allowed to accept the offers of hospitality, the coverage of expenses and in which amounts);
- trips paid for by clients;
- donations to political parties;
- charity donations and sponsorship (if a capital company makes and receives donations or sponsors them, information regarding these activities must be publicly available and procedures must be transparent).

3. Prior to signing agreements with foreign partners, representatives of a capital company shall carry out their documented credibility study — obtain at least publicly available information regarding possible earlier violations in the field of corruption and finances, if any.

4. Inform foreign partners that a capital company observes legal acts with regard to the prohibition on the bribery of foreign officials and takes measures to prevent the bribery of foreign officials.

5. Ensure that the accounting procedures, accounts and records of a capital company cannot be used with the aim to commit the bribery of foreign officials or to conceal it.

6. Include topics on matters concerning the bribery of foreign officials in the content of capital company's employee training.

7. The capital company shall lay down the procedures with regard to the regulation of measures for the prevention of bribery of foreign officials, inter alia, the violation of ethical norms.

8. Capital companies revise the measures for the elimination of corruption risks of foreign officials pursuant to the same procedures as other measures for the elimination of the corruption risk. Having revised the measures for the prevention of corruption of foreign officials, take into account development trends in this field and the latest international and sectoral standards.

9. Upon entering into cooperation agreements or transactions, within their compass, set a requirement for a partner to observe the undertaking to take measures for the prevention of bribery of foreign officials.

VI. Information Regarding Measures Taken by Capital Companies for the Prevention of the Corruption Risk

Every year capital companies publish general information regarding measures taken for the elimination of the corruption risk on their website, for example, information regarding the following:

- 1) training (seminars, e-training, etc.) on matters concerning anti-corruption, conflict of interest, bribery of foreign officials;
- 2) development of a plan of anti-corruption measures (or a plan of anti-corruption measures has been developed or is in the process of development), if the capital company develops a separate plan of anti-corruption measures;
- 3) other measures taken for the reduction/elimination of the corruption risk at the discretion of the capital company.

No detailed information must be published regarding particular measures for the elimination of the corruption risk (for example, what types of risks are identified) or regarding the identified violations/complaints.

Capital companies, to which the Law On the Annual Financial Statements and Consolidated Financial Statements applies, **may include** information regarding the measures taken during the previous year for the elimination of the corruption risk in the Management Report (Chapter XI of the Law On the Annual Financial Statements and Consolidated Financial Statements).

If information regarding the measures taken for the prevention of the corruption risk is not included in the annual statement of the capital company, it shall be published as separate information on the website of the capital company. The form of information to be published is chosen at the discretion of the capital company; however, the condition that the information must be publicly available is mandatory.