

IPACS Benchmark – Guidelines

Updated 2 September 2022, version 2

IPACS Benchmark E4 – The organisation conducts risk assessment including corruption-related risks

Definitions

- Risk assessment – identifying and evaluating opportunities and actual and potential risks that could impact the achievement of the organisation's objectives followed by developing approaches to treat the risks in some way (mitigation, avoidance, transfer, acceptance); risks are often divided into categories for assessment, which may include financial, political, legal, reputational, human rights, security, sustainability, operational (e.g. health and safety) and others; specific risks frequently fall into more than one category; risks are usually ranked according to impact and likelihood of occurrence
- Corruption – corruption is a term referring to a number of offences which may be explicitly defined in some jurisdictions; examples of offences relating to corruption can include bribery, extortion, embezzlement, trading in influence, abuse of functions, fraud, money-laundering, collusion and "sextortion" (an individual extorting money or sexual favours under threat in exchange for something within their power to grant or withhold), among others
- Anti-corruption efforts refer to activity designed to prevent, detect and combat corruption

Introduction to this benchmark and its significance

- Every organisation faces risks to the achievement of their objectives and must sometimes take risks to grow and develop; sport organisations have a responsibility to their stakeholders to try to identify and manage the risks involved when they determine how best to work towards achieving their objectives
- Experience has shown that sports organisations, like organisations in other sectors, can on occasion take decisions that lead to damaging consequences for the organisation itself and sometimes for sport as a whole; not-for-profit sports organisations, like any other organisation, benefit when there is clear responsibility on the ownership of risk, and when there is enough support for the risk assessment and risk treatment
- Corruption risk assessment is the cornerstone of a robust anti-corruption programme; it is the basis for defining and implementing appropriate prevention and detection measures to manage the identified risks effectively
- The challenge most organisations face is identifying the points in their operations where corruption is most likely to occur, developing and implementing strategies to prevent this corruption from occurring in the future, and ensuring that all members of the organisation work with integrity to achieve its objectives
- Organisations will have legal responsibilities related to risk

Commentary on the action to be taken

- The organisation should implement a risk assessment process; based on the detailed analysis of its context, all its activities, with a particular focus on risk scenarios or incidents already encountered; typical steps include identification, evaluation (likelihood and impact if they do occur), prioritisation, mitigation (for example by sharing, avoiding, reducing or accepting the risk), monitoring and reporting; the risk assessment process should be formalised in writing and can include holding dedicated meetings and interviews with members of the organisation
- The risk assessment should identify and mitigate corruption risks, which include but are not limited to bribery, embezzlement, conflicts of interest, misuse of funds, procurement fraud, doping, match manipulation and others that are relevant to the organisation; it should provide reasonable assurance that the risks identified are a faithful reflection of the organisation's actual risks and that mitigation measures are adequate to manage corruption risks effectively

- The risk assessment should be regularly updated, drawing on the feedback of relevant stakeholders and the lessons learned from the organisation's activities, in particular from the reports received and investigations conducted on incidents affecting sports integrity
- The risk assessment should be validated by the governing body prior to implementation and after each update
- See also Recommendations B10 (anti-corruption code), E2 (audit committee), E3 (accounting controls) and E8 (event bid evaluation)

Investment requirement – there are limited costs associated with implementing and updating a risk assessment; investment may be required for mitigation strategies, for example to put in place insurance policies

Guidance according to stage of organisation

Early stage

- The organisation has a process in place for regular risk assessment covering identification and evaluation of strategic and operational risks that are specific to its circumstances, plus the development of risk treatment approaches
- The risk assessment covers corruption, human rights and security risks

Developing

- The organisation has a formal process for risk assessment that is appropriate to its needs, including regular updates to the governing body and a full review annually or when there is a significant change
- The organisation's risk assessment identifies and treats corruption risks, which include but are not limited to bribery, embezzlement, conflicts of interest, misuse of funds, procurement fraud, doping, match manipulation and other risks that are relevant to the organisation
- The organisation allocates resources and specialist expertise to risk assessment, such as by delegating authority to a risk committee
- The organisation's annual report provide an overview of the risk landscape and key information on how risks are treated
- The organisation has insurance in place for selected risks

Advanced

- The organisation meets recognised international standards for risk management: it has appointed risk management professionals who are periodically reporting to the governing body, formalised a risk management methodology and process, defined a risk appetite for corruption risk, and evaluates its risks accordingly
- The organisation's risk assessment contains a section describing the drafting roles and responsibilities assigned during the assessment process, as well as the procedures and methodologies used to identify, assess, rank, and manage corruption risks
- The organisation takes steps to provide tailored information and education to people within the organisation about the risk assessment and risk treatment

Good practice examples

International Sports Organisations (from 2020)

- UCI: The [Audit and Finance Committee terms of reference](#) include risk management in addition to internal controls:
 - The Audit and Finance Committee Report is published within the [annual report](#)
 - There are references to risk management in the accounts
- IGF: There is a section on risk management in the [Audit and Risk Committee Charter](#)
- FIS - [risk analysis](#) undertaken and published

Overall standard among International Federations:

- 16 out of 31 members of ASOIF had evidence of implementation of a risk management procedure
- ### National Federation
- UK Athletics – [guidance on health and safety risks](#)

Selected references

- [ASOIF GTF Questionnaire 2019-20](#), Indicator 6.4
- [SIGGS Principle 1 \(Integrity\), Indicator 6](#) - How does your organisation manage risks?; Roadmap – Risk Management
- European Commission Expert Group on Good Governance, [“Principles of Good Governance in Sport”](#):
 - Principle 10.c: Internal Control measures
- Parliamentary Assembly of the Council of Europe, [Addendum to the report](#) “Working towards a framework for modern sports governance”:
 - Criterion 3.1: Audit & Compliance committees – Risk management system.
- IPACS Comments on the ASOIF good governance framework by E. Farhat (document IPACS(2019)09):
 - “Mapping corruption risks”, p. 2: “This entails that the organisation should know precisely what internal and external risks it faces and, on that basis, which managerial, operational and support processes it needs to implement with a view to pursuing its activities.”
- IOC’s [“Consolidated Minimum requirements for Implementation of the Basic Principles of Good Governance for NOCs”](#):
 - Theme 3.4 “Risk Management”, Principle 1: “A clear and adequate risk management process should be put in place”.
 - Identification of potential risks for the sports organisations;
 - Evaluation of risks;
 - Control of risks;
 - Monitoring of risks;
 - Disclosure/transparency
- ISO 31000 – [Risk Management](#)
- UNODC: [State of Integrity – A Guide on Conducting Corruption Risk Assessments in Public Organizations](#)
- Centre for Sport and Human Rights - [Evaluating Human Rights Risks in the Sports Context](#)
- Geeraert, A. (2018). [Sports Governance Observer 2018](#). An assessment of good governance in five international sports federations. Aarhus: Play the Game / Danish Institute for Sports Studies, p.11-15:
 - Principle 31: The organisation regularly conducts a corruption risks assessment.

ASOIF indicator 6.4 – scoring definitions used in the 2019-20 assessment

- 0 – No
- 1 - Some systems in place for internal control and/or risk management
- 2 - Official procedure in place for internal control and risk management

- 3 - Official procedure in place for internal control and risk management, evidence of implementation
- 4 - State of the art internal control and risk management procedure, evidence of implementation