

Executive Summary

of the Akhaltsikhe Municipality Risk Assessment Report 2021

According to the corruption risk assessment process conducted in the Akhaltsikhe Municipality City Hall and in its subordinated legal entities, 41 risks were identified, 27 of which belong only to the City Hall, 6 risks are common to both the City Hall and subordinated legal entities, and 8 risks apply only to subordinated agencies. The severity of the risks differs.

Most of the identified risks are mitigated through the specific control mechanisms at some level. Typically, this is the general legislative framework of the state and in some cases also the central oversight bodies. While the mechanisms implemented locally, are not sufficient to manage existing risks and they need to be further refined.

At the same time, some risks in the registry are inherent risks by their nature and it is impossible to introduce more measures than the existing mechanisms to eliminate them from a rational and reasonable point of view.

Evaluation of the internal business processes conducted prior to the corruption risk assessment, revealed that the Akhaltsikhe Municipality had not any internal regulatory procedure established concerning the corruption risk assessment before 31 August 2021.

At the time of drafting the risk assessment report, not a single office out of 9 at the City Hall had officially been equipped with anti-corruption policy defining functions. As for the detection of the facts, investigation of corruption related violations is the responsibility of the Internal Audit and Inspection Service due to its general function to control compliance with the legislation. The statute of Internal Audit Office does not mention anti-corruption field at all. Therefore, the Office does not produce statistics, implement specific prevention measures and assess corruption risks in the context of corruption or breaches of ethics and good faith. Moreover, no policy document is developed in this direction.

In accordance with legislation in force currently, Akhaltsikhe Municipality City Hall submits a report on its activities to the Municipality Assembly once a year. Importantly, the form of this report is not established, nor are the approved criteria that define what part of the activities have to be included in the report and to what extent. Meaningfully, notwithstanding the function of the Internal Audit Office to investigate the corruption related violations, breach of ethics rules and good faith, the annual report submitted to the City Assembly does not provide any information on anti-corruption measures undertaking during the year.

Another meaningful obstacle is the practice of monitoring the implementation of approved action plans. As it has been mentioned above, there is no separate unit responsible for policy development in the areas of ethics and good faith and/or corruption, therefore, the implementation of the approved action plan for 2019-2020 has not been monitored. The results achieved has not been measured and the challenges are not assessed. In such a case, it is impossible to analyze the steps taken by the Municipality to prevent corruption, in addition, when the conclusions of the Internal Audit Office are not publicly available.

There is a significant lack of internal regulations formalizing numerous functions. In particular, when it comes to public procurement procedure, the City Hall is guided by the relevant legislation of Georgia and the recommendations of the Procurement Agency, while there is need for detailed and specific internal rules relevant for local characteristics. For example, low quality of market research conducted during the public procurement, ambiguous practice of collecting information on subcontractors especially regarding conflicts of interest.

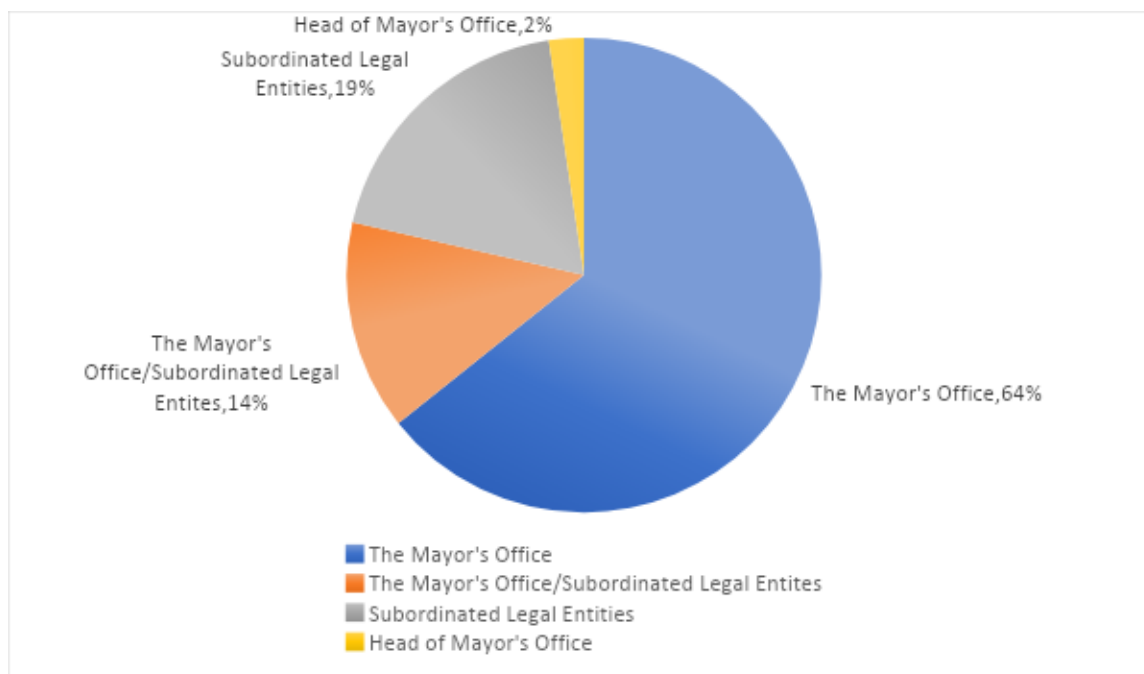
The City Hall is also guided by the regulations on whistleblower protection, which are enshrined in the provisions of the Law of Georgia on Conflict of Interest and Corruption in Public Service. No internal rules are established for whistleblowing. Furthermore, the procedure for receiving and submitting infrastructure projects is not properly regulated in terms of corruption prevention, including in the part of overseeing the entire workflow by the same person.

As for the services provided by the Municipality, the digitalization and more customer friendly approach is missing. The web. page does not fully outline the content of the services and determine the ways to get them.

In addition, Akhaltsikhe City Hall has established 13 non-profit legal entities, however, it is not clear how their accountability to the founder is regulated. The statutes subordinated agencies are similar in wording – “liable to the founder”, but this process is not formally regulated. According to analyzing the practice, they are reporting annually only about their financial expenditures. The reports do not provide information on corruption, ethics and good faith violations, or prevention.

On the other hand, the City Hall has not specifically designated an officer to oversee ethics and good faith, or to prevent corruption in the legal entities. In addition, vulnerability to corruption is aggravated by short-term employment contracts in legal entities, which also contradicts the norms of the Labor Code of Georgia. The majority of employees have a relatively narrow understanding of the definition of corruption and related issues.

Risks according to the area



Risks according to the Category

Risk category	Quantity
Violation of the integrity and ethic norms	8
Conflict of interest	2
Position incompatibility	1
Corruption related to the position	6
Use of employment status for personal interests	6
Use of public resources for personal gain	2
Irrational spending of the budget	1
Bribery	2
Implementing control and oversight functions	5
Accountability	2
Transparency	3
Favoritism and nepotism	3

Total	41
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Risks according to severity

