

# Compliance in Times of Crisis Dialogue Series

## SESSION 2: KEY RISKS IN EMERGENCY PROCUREMENT

At the first session of the Partnering Against Corruption Initiative's "Compliance in Times of Crisis Dialogue Series" in April 2020, the [risk mapping exercise](#) identified procurement as a top concern. As a result, the PACI Community suggested holding a follow-up session focused on emergency procurement. The discussion tackled critical challenges and corruption risks in procurement and highlighted mitigation strategies.

### Compliance risks and challenges in procurement

- Justification of violations of principles of transparency and impartiality based on the urgency to act.
- Unjustified use of emergency procurement processes to bypass standard controls and protocols for goods and services.
- Overlooking important elements in the planning process that results in poor coordination, which could lead to cost overruns.
- Inability to adequately deploy compliance resources (particularly when on-site presence was necessary and not possible in the context of travel restrictions).
- Haste could lead to inadequate record keeping.
- Difficulties in conducting proper due diligence throughout the supply chain, especially when dealing with new suppliers.
- Different criteria for defining emergency situations across geographies and jurisdictions.
- Compromising quality with abbreviated due diligence processes.
- Emergency procurement fast-tracking can increase exposure to abuse and give space to kickbacks.
- The increase in contact with government officials raises the levels of risk and exposure.
- Economic crisis-led disappearance of trusted suppliers and emergence of non-vetted, particularly SMEs actors.
- Lack of coordination between government agencies responsible for procurement.

### Mitigation strategies

- Revisit controls that worked well in the past and test if they are still effective in the current context.
- Reinforce the messages of purpose and values.
- Heighten rather than lose attention to potential risk sources.
- Reinforce focus in key stages of the procurement cycle instead of streamlining.
- Communicate inside and outside the organization that principles of impartiality and transparency are still binding, even when procurement processes have been simplified.
- Create alliances between different institutions and government bodies and prioritize high-risk cases.
- Encourage institutions to report and publish public information regarding contracts in real time to ensure that information is publicly available and accessible for higher accountability.
- Use technology to run red flags' checks and risk analysis.
- Establish an interactive Q&A procedure with the procurement teams on the ground to identify challenges they are facing and solutions they are implementing.
- Simplify processes particularly for SMEs, e.g. contract standardization.
- Set clear principles for tenderers about what constitutes emergency and provide practical guidelines on how to address and cope with risks in emergency crises.
- Explore streamlining existent processes to avoid redundancies and duplications of steps between different departments, e.g. finance and procurement.

- Document changes and justify with a clear rationale why the new strategies are being followed.
- Explore conducting virtual audits in contexts where there is good knowledge of the partner: base your remote audit on past data and behaviours.
- Explore sector-based sharing/streamlining of audits and due diligence
- Ensure a principle-based approach with a focus on transparency and impartiality, and train employees and stakeholders to understand these principles.
- Keep compliance critical: avoid the “tick the box” approach and follow the “what could go wrong” approach.
- Apply stress-testing on controls in order to be able to better predict what could go wrong.

- Transform emergency procurement by strengthening the accountability loop and using open data.
- Ensure open and transparent interactions between the public and private sectors for efficiency.
- Create opportunities for city-level and industry-level compacts and maintain the dialogue between the different groups and give them the adequate tools and support.
- Review donation processes to see where they can be simplified and made faster while keeping controls robust.
- Continue building trust, not only with associates and employees, but also with the communities.

## Looking ahead

- Involve SMEs in recovery efforts.
- Ensure open and transparent systems for a better recovery.
- Accelerate and amplify lessons learned.
- Emphasize the use of technology to enhance due diligence and improve processes throughout the supply chain.

## What are the stages in the procurement cycle that are more vulnerable to corruption?

