



## Corruption and Collusion Risk Management Policy in Contract Management Processes

<b>Department responsible:</b> General Administration	<b>Approval:</b>  _____ Director General
<b>Effective date:</b> March 13, 2019	<b>Modified on:</b>
<b>Reference:</b> Policy CC 2018-2019-38	<b>Other relevant policies:</b> <ul style="list-style-type: none"><li>▪ Delegation of powers (KSB-03)</li><li>▪ Directive on consulting services (ADM-11)</li><li>▪ Directive on award of contracts (EQU-01)</li></ul>

Kativik Iisarniliriniq is subject to the *Act respecting contracting by public bodies* (CQLR, c. C-65.1). According to Section 26 of this Act and in response to the various recommendations issued by the Anti-Corruption Commissioner, the Charbonneau Commission and the Auditor General of Québec as well as the needs of public bodies, the Conseil du trésor adopted, on June 14, 2016, the *Directive concernant la gestion des risques en matière de corruption et de collusion dans les processus de gestion contractuelle* (hereinafter “the Directive”).

This Directive came into effect on September 1, 2016 and is intended to clarify Kativik Iisarniliriniq's obligations regarding the management of risks related to corruption and collusion in contract management processes.

This risk management will enable Kativik Iisarniliriniq to identify, analyze and assess risks as well as to put in place internal controls and mitigation measures.

### **1. Objectives**

1.1 [objectives](#) This policy has the following objectives:

- a) Ensure the existence of a structured and standardized process to detect, analyze, evaluate, manage and monitor the risks of corruption and collusion arising from the activities of contract management processes.
- b) Specify the components of a corruption and collusion risk management plan.
- c) Define the roles and responsibilities of various stakeholders in corruption and collusion risk management in contract management processes.
- d) Define applicable reporting mechanisms.

## 2. Scope

- 2.1 [scope](#) This policy is intended for all employees of Kativik Iisarniliriniq involved in contract management processes.

It also applies to all stages of the contract management process, including when assessing requirements, preparing requests for quotations or soliciting bids, evaluating bid compliance and the eligibility of bidders, selection committee training, selection committee work, bid evaluation and contract follow-up.

## 3. Framework

- 3.1 [framework](#) This policy is based on, among others, the provisions of the following documents:

- *An Act respecting contracting by public bodies* (CQLR, c. C-65.1) and its regulations
- Directive concernant la gestion des risques en matière de corruption et de collusion dans les processus de gestion contractuelle and the Politique concernant les responsables de l'observation des règles contractuelles
- ISO 31000: 2009 Risk management – Principles and guidelines
- ISO 37001: 2016 Anti-bribery management systems – Requirements with guidance for use
- COSO 2 – Enterprise Risk Management Framework
- International Standards for the Professional Practice of Internal Auditing (IIA)
- Directive EQ-01 on the award of supply, service and construction contracts

## 4. Definitions

- 4.1 [definitions](#) In this Policy and as part of the risk management process, the following words or expressions mean:

- a) **Collusion.** Secret agreement between potential bidders who want to impede competition through price or production fixing, sale or territory sharing or bid-rigging.
- b) **Conflict of interest.** Situation where business, financial, family, political or personal interests could interfere with the judgment of persons in carrying out their duties for the organization. A conflict of interest can be perceived, potential or actual.
- c) **Consequence.** Effect of an event interfering with objectives. can be expressed in terms of tangible and intangible effects.

- d) **Internal control.** Process implemented by management at every level across the organization and is designed to provide reasonable assurance regarding the achievement of the following objectives: the effectiveness and efficiency of operations, reliability of financial operations and compliance with laws and regulations.
- e) **Corruption.** Exchange or attempted exchange where, directly or indirectly, an undue advantage is offered, promised or granted by a briber, or requested, accepted or received by a public office holder, in return for an act on the part of the public office holder to the benefit of the briber.
- f) **Risk management.** All activities to identify the risks to which Kativik Ilisarniliriniq is exposed, and to define and implement appropriate preventive measures to eliminate or mitigate the consequences of a risk.
- g) **Stakeholder.** Person or organization that can affect, be affected by, or perceive itself to be affected by a decision or activity.
- h) **Risk Management Plan.** Step in the risk management framework, made up of the following elements: organizational context, assessment of the current situation (detection, analysis and risk assessment), situation (mitigation measures) and monitoring.
- i) **Contract management process.** The set of processes governing the conclusion of supply, service or construction contracts, from the definition of needs, through the planning of the acquisition, the awarding of a contract, the acquisition of goods and services and from the execution of the work to the rendering of accounts.
- j) **Probability.** Measure of the chance of occurrence expressed as a number between 0 and 1, where 0 is impossibility and 1 is absolute certainty.
- k) **Probability criteria.** Choice of five levels of probability from *rare* (<10%) to *almost certain* (>75%).
- l) **Risk owner.** Person or entity with the accountability and authority to manage a risk.
- m) **Risk.** Effect of uncertainty on objectives.
- n) **Inherent risk.** When the risk assessment is carried out without taking control measures in place into account.
- o) **Residual risk.** When the risk assessment is carried out taking control measures into account.

## 5. Benefits of Risk Management

- 5.1 [benefits of risk management](#) The benefits of risk management:
- a) Meets the needs of Kativik Ilisarniliriniq and the requirements of the Directive.
  - b) Represents an effective method to increase Kativik Ilisarniliriniq's resistance to corruption and collusion.

- c) Able to assess the control measures in place.
- d) Is an integral part of management and takes into account other organizational processes (strategic planning, internal rules of conduct, internal policies, etc.).
- e) Builds on the best information available.
- f) Protects the reputation and assets of Kativik Ilisarniliriniq.
- g) Helps in decision-making.

## 6. Risk Management Plan and Monitoring Report

6.1 [risk management plan](#) Kativik Ilisarniliriniq shall create, for each financial year, a corruption and collusion risk management plan for public contracts. The success of the plan's implementation depends on the effectiveness of communication and cooperation among stakeholders. The plan must be approved by the Executive Committee and includes:

- a) The organizational context: common ground in the fight against corruption and collusion, stakeholder, risk tolerance and risk appetite.
- b) Assessment of the current situation. Assess corruption and collusion risks and control measures in place. This step includes the detection, analysis and assessment of risks.
- c) The desired situation, consists in establishing a risk mitigation plan (planned actions, risk own, indicators, target, calendar and final result).
- d) Monitoring: monitor and review by assessing the mitigation measure put in place by the public body and review risks and control measures.
- e) Any other element determined by the Conseil du trésor.

6.2 [monitoring report](#) Each risk management plan must be the subject of a monitoring report and review of the organizational risk management framework for corruption and collusion in public contracts.

This report, which must be approved by the Director General no later than four (4) months after the end of the financial year concerned, includes:

- a) The measurement of the organization's results with respect to risk management.
- b) Measuring progress and deviations from the previous risk management plan.
- c) The results of the audit of the effectiveness of the organizational risk framework.
- d) Review of the organizational risk management framework.
- e) Any other element determined by the Conseil du trésor.

## 7. Roles and Responsibilities

- 7.1 [director general](#) The Director General:
- a) Ensures that Kativik Iisamiliriniq complies with Directive requirements throughout this policy.
  - b) Ensures that the responsibilities and authorities of the relevant roles are attributed to strategic stakeholders, namely the Contract Rules Compliance Monitor (“CRCM”), in order to detect, analyze, and assess corruption and collusion risks in contractual management processes.
  - c) Ensures that responsibilities are communicated at every level across the organization.
  - d) Approves the assessed risks following the recommendations of the CRCM.
  - e) Determine the annual risk management plan for corruption and collusion in the contract management processes and submit it to the Executive Committee for approval.
  - f) Approve the monitoring report and submit it for information to the Executive Committee.
  - g) Transmits to the Conseil du trésor, within fifteen (15) days of its request, the annual risk management plan, the surveillance report and any other related document.
  - h) Ensures the implementation of corrective actions as a result of the recommendations of an internal audit, the Conseil du trésor or the Unité permanente anticorruption with respect to managing corruption and collusion risks within its organization.
  - i) Provides the necessary and competent resources for the implementation of this Policy.
- 7.2 [contract rules compliance monitor](#) The Contract Rules Compliance Monitor:
- a) Recommends to the Director General the appointment of a Manager of Contract Regulations responsible for corruption and collusion risk management.
  - b) Ensures the implementation of a corruption and collusion risk management plan.
  - c) Reports to the Director General the risks identified and the risk management process.
  - d) Ensures continued improvements to the corruption and collusion risk management process in contractual management processes.
  - e) Integrates into the audit plan the works concerning the deployment of the corruption and collusion risk management process:
    - Assesses the control measure in place in terms of corruption and collusion risks;
    - Assesses the effectiveness of mitigation measure and report to the Director General.

- 7.3 [manager of contract regulations](#) The Manager of Contract Regulations:
- a) Performs primarily an advisory and support role:
    - o Coordinates corruption and collusion risk management;
    - o Facilitates the implementation of the corruption and collusion risk management plan for stakeholders, particularly for training, information and distribution of tools;
    - o Supports the CRCM in the reporting by monitoring the action with respect to new mitigation measures.
- 7.4 [manager](#) Manager involved in the contract management process:
- a) Integrates, into his or her functions, corruption and collusion risk management.
  - b) Ensure reporting and monitoring of mitigation measures of risks under his or her responsibility.
  - c) Informs the CRCM of any vulnerable situation that could impede the achievement of the organization's objectives.
- 7.5 [employee](#) Employee involved in the contract management process:
- a) Integrates into his or her activities reflexes and decision-making.
  - b) May be called upon to participate in corruption and collusion risk assessment workshops.
  - c) Inform the CRCM of any vulnerable situation that may be detrimental to the achievement of the organization's objectives.

## **8. Review of the Policy**

- 8.1 [review](#) This policy is reviewed at least every three years or as significant changes are implemented.

## **9. Reporting**

- 9.1 [reporting](#) Reporting conducted within the organization includes an annual risk assessment and monitoring of the effectiveness of actions implemented appropriate to significant risks. The Conseil du trésor may request a copy of the reporting.

## **10. Implementation of this Policy**

- 10.1 [previous provisions](#) This Policy replaces all other directives of Kativik Ilisarniliriniq concerning the same subject, while respecting the policies adopted by the Council of Commissioners, as the case may be. If such policies are adopted, the provisions of these policies will be incorporated into this policy for the benefit of the reader.

10.2 [responsibility](#) Any person referred to in this policy must comply with all provisions and all managers are responsible for ensuring that all provisions are applied and respected.

The Associate Secretary General is the person responsible for providing support in the interpretation of this policy and for ensuring its revision when necessary.

The Director General ensures the dissemination, application and evaluation of this Policy.

