

## **FIVE KEYS TO AN EFFECTIVE ANTI-CORRUPTION, ETHICS, AND COMPLIANCE PROGRAM**

This session outlines strategies for creating and maintaining a strong ethics and compliance program that will keep companies safe from corruption and associated risks. Although talented people with the best intentions design anti-corruption compliance procedures, they are up against audacious individuals who can be very creative at bypassing company rules.

**MARC Y. TASSÉ, CPA, CA, CFF, CICA**  
**Senior Instructor**  
**Canadian Centre of Excellence for Anti-Corruption**

Marc Y. Tassé is a senior instructor for the Canadian Centre of Excellence for Anti-Corruption. He is a seasoned university lecturer and a guest contributor on economic crimes, fraud and corruption for CBC/Radio-Canada, the *Financial Post*, and the *Globe and Mail*. He is also a member of Transparency International's Anti-Corruption Expert Network.

"Association of Certified Fraud Examiners," "Certified Fraud Examiner," "CFE," "ACFE," "Report to the Nations," and the ACFE Logo are trademarks owned by the Association of Certified Fraud Examiners, Inc. The contents of this paper may not be transmitted, re-published, modified, reproduced, distributed, copied, or sold without the prior consent of the author

## FIVE KEYS TO AN EFFECTIVE ANTI-CORRUPTION, ETHICS, AND COMPLIANCE PROGRAM

### NOTES

#### 1. Introduction

Corruption has widespread economic effects—such as the development and quality of infrastructure—and social effects—like the erosion of trust and threats to national security.

For international corporate corruption to succeed, a culture of need, rationalization, opportunity and, most importantly, tolerance must exist. This culture is dissolving in favor of a more ethically-focused environment, but this is not a fast process.

Beyond the illegal exchange of money, corruption can include agreeing to exchange a bribe, hiding the information through bookkeeping, encouraging employees to seek out unethical agreements, or preventing them from going to the authorities.

On a positive note, a shift in the cultural acceptance for corporate corruption is occurring as awareness for the issue spreads globally and corporations embrace a level playing field on which to do business.

#### 2. Fraud Triangle

##### *Fraud Triangle*

- Pressure
- Opportunity
- Rationalization

Failure to prevent or detect issues is often not because the programs or controls themselves are lacking, but because rules are ignored.

Very often, the following statements have been used by offenders:

**FIVE KEYS TO AN EFFECTIVE ANTI-CORRUPTION, ETHICS, AND COMPLIANCE PROGRAM**

**NOTES**

*“I wasn’t doing anything that others weren’t doing.”*

*“Bribery was tolerated and even rewarded at the highest levels.”*

**3. Accountabilities and Behaviours—Setting the Tone at the Top**

The governing authority should exercise reasonable oversight over the implementation and effectiveness of the compliance and ethics program.

High-level personnel shall ensure that the organization has an effective compliance and ethics program and at least one individual will be assigned overall responsibility.

Day-to-day responsibility for the program should be assigned to specific individuals who will report to the high-level personnel and the governing authority; and the program should be promoted and enforced through appropriate incentives and disciplinary measures.

Due to social media, it is important that communications and actions are consistent, as information regarding inappropriate actions will travel quickly through the masses, whether that be employees or the general public.

It’s essential and crucial to be able to show strong, explicit and visible support and commitment from senior management to the company’s internal controls, ethics and compliance programs, or measures for preventing and detecting foreign bribery.

The Chief Compliance Officer (CCO) should also send out regular communications to middle management and

## FIVE KEYS TO AN EFFECTIVE ANTI-CORRUPTION, ETHICS, AND COMPLIANCE PROGRAM

### NOTES

employees stating the importance of a strong culture of compliance and reinforcing the values of the company.

The one slice of the organization where CCOs fear the biggest gap between culture and values is the middle management.

Management and boards tend to under communicate values by a factor of 10.

#### **4. How to Establish a Robust Ethics and Compliance Program**

In order to have an effective compliance program, some very important questions need to be addressed and documented:

- Does the CEO have the requisite skills and experience to move the organization forward?
- Does the CEO possess the character and moral fibre to model and contribute to the development of a values-centered enterprise and strategy?
- Does the CEO have the chemistry and communication skills necessary to rally others to successfully and consistently deliver on the organization's value proposition to all stakeholders?
- Does the organization support the ethical culture and anti-corruption compliance program through training and communication, which includes allowing employees to raise ethics and corruption compliance issues without fear of retaliation?
- What is the process for assessing ethics and corruption compliance risks within the organization?
- Have they updated their policies, procedures, and internal controls to address emerging risks (e.g., cyber risk, anti-corruption)?
- Does the current ethics and anti-corruption compliance program cover the organization's global operations,

**FIVE KEYS TO AN EFFECTIVE ANTI-CORRUPTION, ETHICS, AND COMPLIANCE PROGRAM**

**NOTES**

including management, employees, shareholders, customers, subcontractors, business partners, and vendors?

- Does the organization have an ethics and compliance officer?
- Does a reporting and monitoring process keep the board of directors informed of key ethics and corruption compliance issues, as well as the actions taken to address them?
- Are ethics and corruption compliance issues regular items on the board agenda?

**5. Ways That a Company Can Establish and Reinforce Tone at the Top**

Organizations must ask themselves whether or not executives and senior management are demonstrating the organizational objectives expected of employees.

Incorporating targets involving anti-corruption or anti-fraud compliance, for example, will help balance the pressure that senior management may feel to meet certain performance targets.

“Creating a culture of integrity begins with tone at the top, but it has to include the mood in the middle and the buzz at the bottom... As important and essential as compliance is, in the struggle between culture and compliance, culture always wins.”

---

*Most of sections 2, 3, 4, and 5 were inspired by Global Compact Network Canada—Designing an Anti-Corruption Compliance Program, A Guide for Canadian Businesses.*

---

NOTES

**6. What Is ISO 37001?**

ISO 37001 is an anti-bribery management system standard published in October 2016.

It is designed to help an organization establish, implement, maintain, and improve an anti-bribery compliance programme.

It includes a series of measures and controls that represent global anti-bribery good practice.

***Who Can Use This Standard?***

The standard is flexible and can be adapted to a wide range of organizations, including:

- Large organizations
- Small and medium-sized enterprises (SMEs)
- Public- and private-sector organizations
- Non-governmental organizations (NGOs)
- The standard can be used by organizations in any country

***Does the Standard Require a Stand-Alone Management System?***

The measures required by ISO 37001 are designed to be integrated with existing management processes and controls.

It follows the common high-level structure for ISO management system standards, for easy integration with, for example, ISO 9001.

New or enhanced measures can be integrated into existing systems.

***What Does ISO 37001 Address?***

Bribery by the organization or by its personnel or business associates acting on the organization's behalf or for its benefit.

Bribery of the organization or of its personnel or business associates in relation to the organization's activities.

***Does the Standard Define Bribery?***

Bribery is defined by law, which varies between countries. Therefore, the Standard provides a generic definition of bribery, but the actual definition will depend on the laws applicable to the organization.

The Standard provides guidance on what is meant by bribery to help users understand the intention and scope of the Standard.

***What Does the Standard Require?***

The organization must implement a series of measures and controls in a reasonable and proportionate manner to help prevent, detect, and deal with bribery, including:

- Anti-bribery policy
- Management leadership, commitment, and responsibility
- Personnel controls and training
- Risk assessments
- Due diligence on projects and business associates
- Financial, commercial, and contractual controls
- Reporting, monitoring, investigation, and review
- Corrective action and continual improvement

***How Will the Standard Benefit an Organization?***

The Standard benefits an organization by providing:

**FIVE KEYS TO AN EFFECTIVE ANTI-CORRUPTION, ETHICS, AND COMPLIANCE PROGRAM**

**NOTES**

- Minimum requirements and supporting guidance for implementing or benchmarking an anti-bribery management system
- Assurance to management, investors, employees, customers, and other stakeholders that an organization is taking reasonable steps to prevent bribery
- Evidence in the event of an investigation that an organization has taken reasonable steps to prevent bribery

---

*Most of this section of this document was inspired by:  
International Organization for Standardization (ISO)—ISO  
37001: Anti-Bribery Management System Standard.*

---