

# ASSURANCE FRAMEWORK FOR CORPORATE ANTI-BRIBERY PROGRAMMES

**Transparency International is the global civil society organisation leading the fight against corruption. Through more than 90 chapters worldwide and an international secretariat in Berlin, we raise awareness of the damaging effects of corruption and work with partners in government, business and civil society to develop and implement effective measures to tackle it.**

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# Foreword

In an increasingly global and complex market place, trust and integrity are of paramount importance for business. Successful enterprises know how important it is to build trust among employees, customers, business partners and other stakeholders. This is a challenging task but one that enterprises know is the key ingredient to creating solid and lasting business relationships that will ensure their sustainability.

But for trust to develop, the information communicated to stakeholders by the enterprise must be credible. This is why Transparency International, with the support of the World Economic Forum, developed the Assurance Framework for Corporate Anti-Bribery Programmes.

Good practice now demands that enterprises develop comprehensive programmes to counter bribery in their business dealings which are monitored and improved on a continual basis. This voluntary Assurance Framework aims to provide a standardised process that will help enterprises to design robust anti-bribery programmes.

Moreover, enterprises are increasingly expected to communicate to their stakeholders, internally and externally, the measures and efforts they are deploying to counter and detect bribery. Independent assurance can lend more credibility to such reporting and help break through growing stakeholder scepticism that has been fostered by the seemingly unending news of corruption scandals in the past decade.

Transparency International's Assurance Framework was developed with enterprises in mind but it should also be of help to assurance practitioners by providing criteria that may eventually become generally accepted for use in anti-bribery assurance engagements.

The Assurance Framework is the latest addition to a range of Transparency International tools based on the Business Principles for Countering Bribery and developed to raise the level of anti-bribery practice by business. The Assurance Framework charts new territory in the field of assurance as it attempts to address the complex issue of what is material to stakeholders in matters of bribery and corruption. Caution is also required to avoid stakeholders misinterpreting the results of anti-bribery assurance based on the Assurance Framework as a clean bill of health.

Transparency International's role is to push the frontiers of corporate anti-bribery practices. We recognise that enterprises will need time to embrace the concept of independent assurance of their anti-bribery systems and that assurance practitioners must also gather experience in this new area. We remain convinced, however, that credible systems continue to demand third-party review.

We look forward to seeing how Transparency International's Assurance Framework is used and to learn from this experience. We will continue working with enterprises and assurance practitioners so that the process outlined in the Assurance Framework becomes increasingly reliable and meaningful.

Jermyn P. Brooks  
Member of the Board, Transparency International

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# Definitions

## Anti-bribery programme

The whole of an enterprise's anti-bribery efforts including values, code of conduct, detailed policies and procedures, risk management, internal and external communication, training and guidance, internal controls, oversight, monitoring and assurance.<sup>1</sup>

## Bribery

The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal or a breach of trust.<sup>2</sup>

## Business Principles

The Business Principles for Countering Bribery is an anti-bribery code developed through a multi-stakeholder process led by Transparency International and involving enterprises, business associations, non-governmental organisations and trades unions.

## Control objective

An enterprise's statement of a desired result to be achieved by implementing control procedures for specific aspects of its operations. Collectively, the enterprise's control objectives will support the achievement of its overall policy of prohibition of bribery.

The control objectives detailed in the Annex to this Framework are organised according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework and are aligned to the provisions of the Business Principles for Countering Bribery and the Partnering Against Corruption Principles for Countering Bribery.

## Control procedure

A procedure, often combined with a specific policy, on gifts and hospitality for example, designed to help achieve a control objective.

## COSO

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a voluntary private sector organisation, established in the United States. COSO provides guidance to executive management and governance entities on critical aspects of organisational governance, business ethics, internal control, enterprise risk management, fraud, and financial reporting designed to improve organisational performance and governance and to reduce the extent of fraud in organisations. COSO's Integrated Framework for Internal Controls is widely used by companies and organisations to assess their control systems.<sup>3</sup>

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<sup>1</sup> *Business Principles for Countering Bribery* (Transparency International 2009), p. 6.

<sup>2</sup> *Business Principles for Countering Bribery* (Transparency International 2009), p. 5.

<sup>3</sup> Available from: <http://www.coso.org/>.

## **Criteria**

The benchmarks used by the assurance practitioner to evaluate the subject matter. In the Assurance Framework, the control objectives listed in the Annex provide the criteria for use by the assurance practitioner.

## **Intended user**

A party or parties for whom an assurance report is intended. Intended users include selected stakeholders as well as the management and/or the board of the enterprise.

## **ISAE 3000**

The international Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB). ISAE 3000 provides basic principles and essential procedures for professional accountants for the performance of assurance engagements other than audits or reviews of historical financial information, supported by the International Framework for Assurance Engagements.<sup>4</sup>

## **Management assertion**

A written statement by the senior management of an enterprise asserting either the suitability of the design of the anti-bribery programme at a specified date or the suitability of the design and the operating effectiveness of the anti-bribery control procedures over a specified period. This version of the Assurance Framework focuses on the suitability of the design of the anti-bribery programme at a specified date.

## **PACI Principles**

Partnering Against Corruption Principles for Countering Bribery, developed by the World Economic Forum Partnering Against Corruption Initiative and derived from the Business Principles for Countering Bribery.<sup>5</sup>

## **Suitable criteria**

See section on Criteria above.

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<sup>4</sup> ISAE 3000 is available from:

<http://www.ifac.org/sites/default/files/publications/files/2010-handbook-of-internatio-2.pdf>.

<sup>5</sup> The PACI Principles are available from: [https://members.weforum.org/pdf/paci/PACI\\_Principles.pdf](https://members.weforum.org/pdf/paci/PACI_Principles.pdf).

# 1. Introduction

The purpose of Transparency International's Assurance Framework for Corporate Anti-Bribery Programmes ('the Assurance Framework') is to encourage the voluntary use of independent assurance as a means to strengthen corporate anti-bribery programmes and lend greater credibility to the efforts of enterprises in preventing bribery and corruption.

***The Assurance Framework is aimed primarily at enterprises. It sets out and explains the process for enterprises commissioning independent assurance of their anti-bribery programmes.***

In the current climate of ever-stricter bribery laws and growing enforcement, the management and boards of enterprises must address increasing levels of risk coupled with mounting stakeholder demands for corporate responsibility and accountability. In this context, independent assurance can be helpful to enterprises seeking to strengthen their anti-bribery programmes while building greater stakeholder confidence in their anti-bribery measures.

The Assurance Framework is also responding to emerging recognition of the potential value of independent assurance. For example, the UK Ministry of Justice guidance to the Bribery Act 2010 encourages commercial organisations to 'consider external verification as a means of achieving one of Six Principles for Bribery Prevention'.<sup>6</sup> The German Institute of Auditors has issued an assurance standard for Compliance Management Systems (CMS) that includes anti-corruption in its scope. New forms of assurance may well be encouraged in the context of a move towards integrated reporting on financial and non-financial topics, such as the initiative aimed at developing a framework for global integrated reporting led by the International Integrated Reporting Council.

The Assurance Framework is aimed primarily at enterprises. It sets out and explains the process for enterprises commissioning independent assurance. Most importantly, it provides benchmarks in the form of control objectives for use by enterprises in designing and evaluating their anti-bribery programmes in anticipation of independent assurance. These control objectives are also intended to be used by assurance practitioners as the criteria for providing assurance on enterprises' anti-bribery programmes.

The Assurance Framework provides for assurance on the design of the anti-bribery programme at a specified date. Efforts to develop an assurance framework on the

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<sup>6</sup> Available from: <http://www.justice.gov.uk/consultations/docs/bribery-act-guidance-consultation1.pdf>; Consultation on guidance about commercial organisations preventing bribery (section 9 of the Bribery Act 2010).

operating effectiveness of the anti-bribery programme over a specified period will be considered later.

The Assurance Framework was developed by Transparency International with the support of the World Economic Forum Partnering Against Corruption Initiative (PACI). Transparency International is grateful to those individuals who contributed time and expertise to the development of the Framework, including representatives of the six leading accounting networks. The Framework underwent a four-month public consultation in late 2010 and early 2011 and incorporates feedback from this consultation.

Transparency International also wishes to thank the Institute of Chartered Accountants in England and Wales (ICAEW) for its assistance following the public consultation.

## 2. Independent Assurance

### What is independent assurance?

The AA1000 Assurance Standard 2008 defines assurance as: 'the methods and processes employed by an assurance practitioner to evaluate an organisation's public disclosures about its performance as well as underlying systems, data and processes against suitable criteria and standards in order to increase the results of the assurance process in an assurance statement credibility of public disclosure. Assurance includes the communication of the results of the assurance process in an assurance statement.'

This Framework envisages that assurance is carried out in the context of an assurance engagement, a term which is defined in the International Standard on Assurance Engagements (ISAE 3000) as: 'an engagement in which an assurance provider expresses a conclusion designed to enhance the degree of confidence of the intended users... about the outcome of the evaluation or measurement of a subject matter against criteria.'<sup>7</sup> The users of the Assurance Framework, in particular the assurance practitioners, should read and, where applicable, follow ISAE 3000.

### Why should enterprises consider commissioning anti-bribery assurance?

Major changes to laws aimed at curbing bribery and corruption as well as the growth of the anti-corruption and corporate responsibility movements have heightened business awareness of the obligations and risks posed by integrity issues, including bribery. In reaction to this changing landscape, many enterprises are deploying considerable resources to develop adequate systems to ensure compliance, both with laws and with their own standards. Many have joined the growing number of national and global voluntary initiatives aimed at improving the standard of anti-bribery practice. Nevertheless, corporate bribery scandals continue to surface. This, combined with the confidence gap that has resulted from the financial crisis, is seriously eroding the credibility of business and fostering growing stakeholder scepticism of the claims made by enterprises regarding their anti-bribery efforts.

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<sup>7</sup> *International Framework for Assurance Engagements* (International Auditing and Assurance Standards Board, December 2003, Revised March 2008), p. 6, section 7.

The Assurance Framework is intended to address the confidence gap by enhancing the quality and credibility of enterprises' anti-bribery commitments.

## **Independent assurance: the business case**

There are significant business reasons for an enterprise to seek voluntary independent assurance of its anti-bribery programme and these include:

- Strengthening its programme by identifying areas for improvement
- Providing confidence to the board and management of the adequacy of its anti-bribery programme
- Increasing the credibility of its public reporting on its anti-bribery programme
- Maintaining and/or enhancing its reputation as an enterprise committed to high standards of integrity and transparency
- Contributing to a case for mitigation of sentencing in the event of a bribery incident in jurisdictions where this applies
- Helping restore market confidence following the discovery of a bribery incident
- Meeting any future pre-qualification requirements.

### 3. The Assurance Engagement

This section describes the components of an assurance engagement – it reflects general assurance practice and is not specific to anti-bribery assurance. However, where relevant, these components are explained in the context of an anti-bribery programme.

***The purpose of an assurance engagement focusing on an enterprise's anti-bribery programme is to provide a degree of confidence in the outcome of the evaluation or measurement of the enterprise's anti-bribery programme, based on defined criteria.***

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#### Three-party relationship

The assurance engagement involves three parties:

- **The responsible party:** the party in the enterprise, usually the management, that is responsible for commissioning the assurance engagement and for preparing and providing the management assertion as the basis for the engagement
- **Intended users:** the people or organisations for whom the assurance practitioner's report is prepared. It is important for the enterprise and the assurance practitioner to determine at the start of the process who the intended users are, as the scope of the report should address their material interests
- **The assurance practitioner:** the practitioner who carries out the assurance engagement should be independent and possess the skills, knowledge and experience required to perform the assurance engagement competently.

## **Types of assurance engagement**

In an assurance engagement two different aspects of the enterprise's anti-bribery programme may be evaluated: the suitability of the design, or the operating effectiveness of control procedures. These aspects are considered different subject matters (see below).

The Assurance Framework provides for assurance engagements on the suitability of the design of the anti-bribery programme. Efforts to develop an assurance framework on the operating effectiveness of an anti-bribery programme over a specified period will proceed at a later date.

### **Subject matter**

Subject matter refers to what the assurance practitioner is reporting on. This relates to matters of interest to intended users. In the Assurance Framework the subject matter is the anti-bribery programme of the enterprise.

According to ISAE 3000, subject matter information is information resulting from the evaluation or measurement of the subject matter. In the Assurance Framework, the subject matter information is the description of the anti-bribery programme.

### **Sufficient and appropriate evidence**

In order to obtain assurance that the subject matter information is free of material misstatements, the practitioner requires sufficient and appropriate evidence. According to ISAE 3000, sufficiency is said to represent the quantity of evidence obtained and appropriateness is the measure of the quality of the evidence, its relevance and reliability. There should be sufficient and appropriate evidence to support the assertion by the management and the assurance conclusion by the assurance practitioner.

### **Suitable criteria**

Criteria are the benchmarks against which enterprises evaluate the subject matter information. Without such criteria, it would be very difficult for the users of the report to understand how the enterprise has evaluated the information. ISAE 3000 requires the assurance practitioner to use 'suitable criteria' that exhibit the characteristics of 'relevance, completeness, reliability, neutrality and understandability' so as to allow users of the assurance report to understand and have confidence in the basis of the evaluation.

The Assurance Framework provides suitable criteria in the form of a set of 22 control objectives. Control objectives represent an enterprise's statement of a desired result to be achieved by implementing control procedures for specific aspects of its operations. Collectively, the enterprise's control objectives will support the achievement of its overall anti-bribery policy.

Practitioners will consider the enterprise's control objectives and supporting control procedures and form an overall opinion in the context of the specific engagement circumstances at the time the work is undertaken. Practitioners will also consider the linkages between the control procedures and their related control objectives. Practitioners will obtain sufficient and appropriate evidence to conclude whether the control procedures

are suitably designed and could be expected to have achieved the enterprise's control objectives had they operated effectively.

## **The assurance report**

The conclusion of the assurance process is the provision of a written report by the assurance practitioner to its intended users. These may include, but are not restricted to, the board, management and external stakeholders. The intended users of the assurance report will be agreed between the enterprise and the assurance practitioner before the assurance engagement commences.

In order to gain experience and build their confidence in the process, enterprises undergoing independent assurance may initially choose to keep their report internal and limit distribution to the board and senior management.

## 4. The Assurance Framework

The Assurance Framework was developed primarily for use by enterprises and provides guidance on the process for independent assurance of an anti-bribery programme.

### 2.1 Approach

#### Reference standards

- **Use of ISAE 3000 as the reference standard**

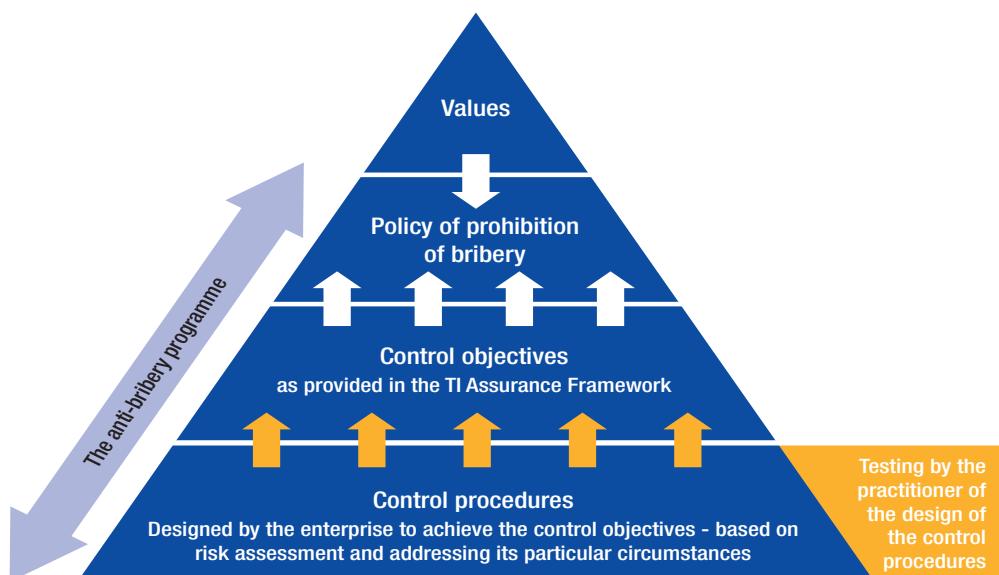
The Assurance Framework specifically addresses assurance of anti-bribery programmes. It uses the approach set out in the International Standard on Assurance Engagements (ISAE) 3000; a generic standard that provides requirements and guidance on assurance engagements, other than audit or reviews of historical financial information.

ISAE 3000 requires that certain conditions be met before a practitioner can undertake an assurance engagement. One is the need to agree on the benchmarks or criteria that the assurance practitioner will use to evaluate the information that is the subject of an assurance engagement. Therefore, another purpose of the Assurance Framework is to assist practitioners to provide assurance in a consistent manner by providing a set of criteria in the form of control objectives that can be used to evaluate an enterprise's anti-bribery programme.

- **Alignment with anti-bribery codes**

The control objectives listed in the Annex of this Framework are aligned with the provisions of the Business Principles for Countering Bribery and the Partnering Against Corruption Principles for Countering Bribery (PACI Principles).

#### Assurance on the design of the enterprise's anti-bribery programme



## **Assertion-based**

***The Assurance Framework focuses on assurance engagements on the suitability of the design of the enterprise's anti-bribery programme.***

The Assurance Framework is assertion-based. This means that the enterprise's management will have to take the following steps:

1. Benchmark the enterprise's control objectives against those listed in this Framework
2. Evaluate the design of the enterprise's control procedures to ensure they are likely to achieve the control objectives
3. Prepare the assertion to attest to the design of the control procedures based on the evaluation and how they are linked to the achievement of the control objectives
4. Describe the basis for its assertion as discussed on page 16.

The assertion and the description of the basis for the assertion are the focus of the assurance engagement.

## **Reasonable assurance**

Assurance engagements can be reasonable or limited. The difference between reasonable assurance and limited assurance is reflected in the nature and extent of the work performed, the level of engagement risk and the type of conclusion provided. In a reasonable assurance engagement the practitioner expresses a positive assurance opinion or report, while in a limited assurance engagement the assurance opinion is negatively worded. The Assurance Framework provides for reasonable assurance that requires the assurance practitioner to obtain sufficient and appropriate evidence in order to express a positively worded report.

## **Initial focus on programme design and implementation**

The Assurance Framework focuses on assurance engagements on the design of the enterprise's anti-bribery programme. This is because the public consultation on the draft of this Framework indicated that this would be more useful for enterprises seeking assurance for the first time. Consideration will be given in due course to extending the Assurance Framework to cover assurance on the operating effectiveness of the enterprise's anti-bribery programme over a specified period.

## 2.2 The Assurance Process for Enterprises

This section sets out the five stages of the assurance process:

1. The enterprise prepares for assurance
2. Management selects the assurance practitioner
3. Management prepares the assertion
4. The assurance practitioner carries out the assurance engagement
5. Management receives and follows up on the assurance report

### **Stage 1) The enterprise prepares for assurance**

In order to provide the assertion which will form the basis of the assurance of its anti-bribery programme, the enterprise should first reassure itself that its programme is suitably designed and implemented.

### **Stage 2) Management selects the assurance practitioner**

When the enterprise is prepared to proceed with assurance, it will select an independent assurance practitioner to carry out the engagement.

There are different types of assurance practitioners. These include:

- Accounting and legal firms
- Certification firms
- Specialist consultancies in sustainability, anti-corruption and corporate ethics
- Others e.g. NGOs, stakeholder organisations.

In selecting a practitioner for an assurance engagement the enterprise should make sure that the practitioner possesses the required qualities and competencies as suggested in the following table.

## Qualities and competencies of the assurance practitioner

<b>Integrity</b>	The assurance practitioner should demonstrate a commitment to act with integrity and comply with relevant laws and regulations.
<b>Objectivity</b>	The assurance practitioner should not allow bias, conflict of interest or undue influence to override professional or business judgments.
<b>Independence</b>	The assurance practitioner should make a public statement of independence and impartiality that includes disclosure of: <ul style="list-style-type: none"> <li>• Any relationships (including financial, commercial, preparation of the report, governance and ownership positions) that could be perceived to affect the assurance practitioner's ability to provide an independent and impartial statement</li> <li>• Any mechanisms or professional codes of practice designed to ensure independence to which the assurance practitioner is bound.</li> </ul>
<b>Due care</b>	The assurance practitioner should exercise due care at all times in accordance with the needs of the users of the assurance report, the importance of the task and the competencies required.
<b>Individual competencies</b>	The assurance practitioner must possess the competencies necessary to carry out the assurance engagement and ensure that those involved in the assurance engagement including external experts are demonstrably competent.
<b>Organisational competencies</b>	An assurance practitioner should be able to demonstrate adequate institutional competencies. These should include: <ul style="list-style-type: none"> <li>• Assurance oversight mechanism to ensure quality of provision</li> <li>• Understanding of the legal aspects of the assurance process</li> <li>• Infrastructure and systems to ensure quality delivery of assurance.</li> </ul>

The qualities and competencies suggested in this chart are derived from AA1000 Assurance Standard 2008 and the International Federation of Accountants' Code of Ethics.

## **Stage 3) Management prepares the assertion**

### **Management assertion**

In the assertion, management will describe and comment on the quality of the control procedures it has in place and state that these are designed to achieve the enterprise's control objectives.

***The management assertion is the foundation of an assurance engagement on an anti-bribery programme.***

The management assertion should:

- Identify and clearly describe the scope of the assertion i.e. the entire enterprise or subsidiaries. The enterprise may choose to narrow the scope of its assertion to a specific branch or business unit or to an operational function such as contracting and purchasing. It could also limit the scope to a specific area such as gifts and hospitality. If the scope is narrowed the assurance practitioner may, in addition, need to review some enterprise-wide controls with the result that there may not be a significant difference between a narrowly-defined and a full-scope assurance engagement
- Refer to the use of the Assurance Framework
- List the enterprise's control objectives and confirm these are the control objectives specified in the Assurance Framework, subject to:
  - Addition of any control objectives beyond those in this Assurance Framework with an explanation
  - Provision of details of any significant developments, deficiencies and exceptions relevant to the users of the assurance report
  - Statement of confidence in the suitability of the enterprise's control procedures to achieve the control objectives while recognising that there cannot be an absolute guarantee that bribery will never occur.
- State that at a specified date the enterprise has:
  - Developed a risk-appropriate range of anti-bribery control procedures suitably designed to achieve the enterprise's control objectives;
  - Implemented these control procedures throughout its activities or in the specific entities and areas identified in the scope of the assertion.

## **Basis for the assertion**

To support the assertion, management should describe how it arrived at the assertion having ensured that:

- The risks that threaten achievement of the control objectives have been assessed
- The enterprise's control procedures appropriately reflect the enterprise's size, business sector, locations of operation and potential risks of bribery, including the most prevalent forms and channels for bribes
- The enterprise's control procedures collectively provide reasonable assurance that its control objectives will be achieved across the enterprise's activities (or those specified in the scope)
- The control procedures were implemented as designed at a specified date
- The outcome of the evaluation has been documented in sufficient detail.

An example of a management assertion is given in the Annex.

## Control objectives

The control objectives in this Framework are based on practice defined in the Business Principles for Countering Bribery and the PACI Principles for Countering Bribery, which are widely regarded as comprehensive anti-bribery codes. It is important to note, however, that it remains the responsibility of the management of the enterprise to ensure that its control objectives are adequate for its overall anti-bribery policy, and it may choose to add control objectives explaining its reasons in the management assertion.

***The control objectives in this Framework are based on practice defined in the Business Principles for Countering Bribery and the PACI Principles for Countering Bribery, which are widely regarded as comprehensive anti-bribery codes.***

The control objectives in the Assurance Framework are organised under five headings according to the COSO Framework, a widely used model for the evaluation of internal controls:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring and evaluation.

## Assurance Framework Control Objectives

Control environment	
1	The enterprise implements an overall culture of ethics and integrity in its operations.
2	The enterprise has a public policy of prohibition of bribery applicable across all its operations.
3	The enterprise's anti-bribery policies and procedures are consistent with the laws relevant to countering bribery in all jurisdictions where the enterprise operates.
4	Management, the CEO and the board or equivalent body define and assign responsibility for the design and implementation of the anti-bribery programme to individuals with appropriate authority and competence.
5	Management, the CEO and the board or equivalent body provide leadership, oversight and commitment to the policies and procedures.
6	Human resources policies and procedures are aligned to the enterprise's anti-bribery policies.
7	The enterprise enforces its anti-bribery policies by applying sanctions in the event of non-compliance by board members, management, employees or business partners.
Risk assessment	
8	The enterprise carries out continuing risk assessments to identify changes and risks that could affect the enterprise's ability to achieve its anti-bribery control objectives and modifies its anti-bribery programme accordingly.
9	Controlled entities and business associates including suppliers, agents and other intermediaries are assessed for conformity with the enterprise's anti-bribery programme and their susceptibility to bribery risks.
10	Known areas of high risk for bribes are assessed. <sup>8</sup>
11	Operational functions, activities and locations that pose risks of bribery are assessed.
Control activities	
12	Based on risk assessment, appropriate control procedures are developed, implemented and maintained.
13	Activities and transactions in the enterprise and all its controlled entities are conducted in accordance with the enterprise's anti-bribery control procedures.
14	Activities and transactions for business relationships, including contracting, align with the enterprise's anti-bribery programme.
15	Suspected bribes are investigated and actions are taken accordingly.
Information and communication	
16	Directors, managers, employees, agents and other intermediaries, and where appropriate, contractors and suppliers receive tailored anti-bribery training.
17	Management communicates and reports on the enterprise's anti-bribery programme internally and externally.
18	Confidential channels allow employees or others to obtain advice and/or raise concerns.
19	Information systems identify, capture and process relevant information (e.g. all transactions are captured and records are maintained).
20	Incidents and the results of bribery investigations are reported to an appropriate level of management and as appropriate to the board or equivalent body and to the relevant authorities.
Monitoring	
21	Continuing and/or separate evaluations are performed to determine whether the enterprise's anti-bribery policies and procedures function over time.
22	Deficiencies and improvement areas are identified and communicated in a timely manner to those parties responsible for taking corrective action and to management, the board or equivalent body as appropriate.

<sup>8</sup> Such as political and charitable contributions, sponsorships, gifts, hospitality, travel expenses and facilitation payments.

## **Stage 4) The assurance practitioner carries out the assurance engagement**

This stage of the assurance process sees the assurance practitioner carrying out the assurance engagement. Although the Assurance Framework focuses on the process from the perspective of the enterprise, this section summarises the activities of the practitioner. Practitioners can rely on ISAE 3000 for detailed guidance for the engagement. ISAE 3000 provides basic principles and essential procedures for professional accountants for the performance of assurance engagements other than audits or reviews of historical financial information.

In planning and performing the assurance engagement, the practitioner will use suitable criteria which, as mentioned earlier in this document, are the control objectives set out in the Assurance Framework and any control objectives added by the enterprise.

The practitioner will consider the enterprise's control objectives and supporting control procedures and form an overall opinion in the context of the specific engagement circumstances at the time the work is undertaken. The practitioner will also consider the linkages between the control procedures and their related control objectives.

The practitioner will ensure that it obtains and assesses sufficient and appropriate evidence and will provide the conclusion in a written assurance report. An example of a report is given in the Annex.

## **Stage 5) Management receives and follows up on the assurance report**

The conclusion of the assurance engagement is the provision of a written report by the assurance practitioner to the intended users. These may include, but are not restricted to, the enterprise's board, management and external stakeholders. The report will provide an opinion on whether the enterprise's anti-bribery control procedures are designed, in all material respects at a specified date, to provide reasonable assurance of achieving the enterprise's control objectives.

Initially, the enterprise may choose to limit the distribution of the assurance report to an internal audience, but as it gains confidence in the robustness of its control procedures and the assurance process, it may then advance to public disclosure of the report. Although the Assurance Framework does not presume the publication of the assurance report resulting from the assurance process, it is expected that enterprises will do this for the sake of transparency and responsiveness to stakeholder expectations.

The receipt of the report is not an end in itself. The enterprise will wish to discuss the report, whether it is clean or qualified, with the practitioner to learn from the practitioner's observations and to discuss next steps.

The report is but part of a continuing process of improvement of the enterprise's anti-bribery programme. If the report is qualified the enterprise will need to urgently remedy the deficiencies that prevented a clean report. Separate from the assurance engagement, the assurance practitioner may be asked to provide comments and recommendations on the findings resulting from the assurance engagement.

## **Materiality**

Materiality is an important aspect for consideration by all parties to an anti-bribery assurance engagement. In the area of financial auditing, the objective is to provide reasonable assurance that the enterprise's financial statements taken as a whole fairly present the financial position and results of operations of the enterprise in all material respects.

Traditional definitions of materiality in financial auditing relate to the quantitative impact of particular items within a reporting context. According to the ICAEW an item of information is material to the financial statements if its misstatement or omission might reasonably be expected to influence the economic decisions of users of those financial statements, including their assessments of management's stewardship.<sup>9</sup> Materiality depends on the size of the item or the error judged in the particular circumstances of its omission or misstatement.

The purpose of anti-bribery assurance as outlined in the Assurance Framework is to build confidence in the design of the enterprise's anti-bribery programme and not to expose incidents of bribery.

In this context, a quantitative approach is inadequate because the materiality of a bribe may be decided not by its size but by its nature and context. Financially significant cases of bribery can have damaging financial effects on enterprises when they become public. However, depending on the particular circumstances even small bribes can have material results for enterprises, such as reputational damage or exclusion from contracts. Keeping in mind the limitations of quantitatively expressed materiality thresholds, it is important to underline the purpose of independent anti-bribery assurance. Its aim is to provide reasonable assurance that the enterprise's control procedures developed to achieve the defined control objectives represent good practice and could therefore be reasonably expected to deter and detect bribery. Such good practice is defined in the anti-bribery codes to which the Assurance Framework is aligned.

Judgements about materiality are therefore fundamental and a key element of the assurance practitioner's training and experience.

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<sup>9</sup> Tech 03/08 guidance on materiality in financial reporting by UK entities. Guidance on materiality in financial reporting by UK entities (Institute of Chartered Accountants in England and Wales, June 2008) p.5 section 3.30.

## **Expectation gap – The risk of misinterpretation by the report users**

Although the assurance report will explicitly state the scope and limitations of the assurance engagement, there may nevertheless be a risk that users of the report will misinterpret a clean opinion as meaning that bribery has not, or will not take place in the enterprise. Independent assurance cannot provide a guarantee that an enterprise is free of bribery or that it will not experience an incident of bribery. Even the best-designed and implemented anti-bribery programme can be subject to breaches.

Enterprises must be mindful to communicate to report users the limits of the assurance engagement. Further, to avoid misinterpretation, management should underscore the limits of assurance in the description of the assurance process in the basis of the assertion. The practitioner will also cover the limits of assurance in the assurance report.

## The assurance process for enterprises

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
The enterprise prepares for assurance	Management appoints the practitioner	Management prepares the assertion	The assurance practitioner carries out the assurance engagement	Management receives and acts on the assurance report
The enterprise has a policy that prohibits bribery	Management identifies a suitable practitioner	Management benchmarks the enterprise's control objectives against those listed in the Assurance Framework	The assurance practitioner plans and performs the engagement	Management receives the assurance report and discusses it with the practitioner
The enterprise has implemented a suitably designed anti-bribery programme	The assurance practitioner accepts the engagement	Management evaluates the design of the enterprise's control procedures to ensure they are likely to achieve the control objectives	The assurance practitioner uses suitable criteria which are the control objectives set out in the Assurance Framework	Management reviews the report with the board
Management decides to undertake voluntary independent assurance	Management agrees in writing with the practitioner the type and scope of the assurance engagement	Management prepares its assertion attesting to the design of the control procedures and their suitability to achieve the control objectives	The assurance practitioner obtains and assesses sufficient and appropriate evidence and provides the conclusion in a written assurance report'	Management provides the report to the agreed users
Management determines the intended users of the assurance report		Management supports its assertion with a basis for the assertion, a description of how it arrived at the assertion	The assurance practitioner submits its report to the management	Management improves the anti-bribery programme as necessary

 Actions for the enterprise

 Actions for the assurance practitioner

## Annex

### Control objectives

A control objective is an enterprise's statement of a desired result to be achieved by implementing control procedures for specific aspects of its operations. The Assurance Framework provides suitable criteria in the form of a set of 22 control objectives described below and these will collectively support the achievement of its overall policy of prohibition of bribery.

The control objectives in this Framework cover the critical aspects of anti-bribery as they are aligned to practice defined in the Business Principles for Countering Bribery and the PACI Principles for Countering Bribery, which are widely regarded as comprehensive anti-bribery codes.

However, it remains the responsibility of the management of the enterprise to ensure that its control objectives are sufficient to meet its overall anti-bribery policy. Therefore, an enterprise may decide to add further control objectives and supporting control procedures where appropriate. The enterprise's management should describe in its assertion any additions to the Assurance Framework's set of control objectives and explain the reasons for their inclusion.

The control objectives will also be used by the independent assurance practitioner in performing the independent assurance engagement. Practitioners will consider the enterprise's control objectives and supporting control procedures and form an overall opinion in the context of the specific engagement circumstances at the time the work is undertaken. Practitioners will also consider the linkages between the control procedures and their related control objectives. Practitioners will obtain sufficient and appropriate evidence to conclude whether the control procedures are suitably designed so that they would have achieved the enterprise's control objectives if operated effectively.

The control objectives are organised under the five headings of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Integrated Framework, a widely used model for the evaluation of internal controls.<sup>10</sup> Each section begins with an introduction followed by a COSO description.

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<sup>10</sup> *Internal Control – Integrated Framework* (COSO, published 1992, amended 1994), available at: <http://www.coso.org/ic-integratedframework-summary.htm>

## Control environment

An enabling environment is needed for the anti-bribery programme to be designed and work effectively. The control environment is defined in the COSO description below and to this can be added the history and experience of the enterprise and the attitudes of its employees and other stakeholders.

**COSO Integrated Framework:** ‘The control environment sets the tone of an organisation, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values and competence of the enterprise’s people; management’s philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its people; and the attention and direction provided by the board of directors.’

No.	Control objective	Notes
1	The enterprise implements an overall culture of ethics and integrity in its operations.	The culture of ethics and integrity of an enterprise provides the environment for implementing the anti-bribery policy. The culture will form the attitudes of the board, management and employees to support the enterprise in its anti-bribery aims and in particular to implement and observe its anti-bribery programme. An ethical culture is shaped by the leadership, statements and actions, by the developed history and experience of the enterprise and by the expectations of its stakeholders.
2	The enterprise has a public policy of prohibition of bribery applicable across all its operations.	A public policy of prohibition of bribery means that the enterprise prohibits bribery and will not tolerate it in its activities. It does not mean that an enterprise will necessarily be free of bribery, as any anti-bribery programme, however well-designed and implemented, can be vulnerable to actions of a rogue employee or business associate, or subject to negligence. Should the enterprise suffer a bribery incident it will then take immediate remedial action. A public policy means that the enterprise’s stance is made clear to stakeholders in an accessible way.
3	The enterprise’s anti-bribery policies and procedures are consistent with the laws relevant to countering bribery in all jurisdictions where the enterprise operates.	The enterprise should ensure that it knows and monitors relevant laws and that its policies and procedures are consistent with these. If the enterprise operates internationally, it should recognise that laws will vary in rigour across jurisdictions, some laws are extra-territorial and laws may even conflict.
4	Management, the CEO and the	The individuals should be senior and

	board or equivalent body define and assign responsibility for the design and implementation of the anti-bribery programme to individuals with appropriate authority and competence.	report directly to top management and the board. In the case of a two-tier board this would be the supervisory board or a committee of this board.
<b>5</b>	Management, the CEO and the board or equivalent body provide leadership, oversight and commitment to the policies and procedures.	The board should provide oversight to the anti-bribery programme and hold senior management accountable for effective implementation of the programme.
<b>6</b>	Human resources policies and procedures are aligned to the enterprise's anti-bribery policies.	The anti-bribery programme will succeed only if the enterprise recruits people who meet its ethical standards and then manages employees to ensure that they give their support and commitment to the anti-bribery programme. This will include setting control procedures for recruitment, appraisal, counselling and sanctions, as well as communication and training covered by control objectives 16, 17 and 18.
<b>7</b>	The enterprise enforces its anti-bribery policies by applying sanctions in the event of non-compliance by board members, management, employees or business partners.	The enterprise should provide and communicate clearly to board members and employees the appropriate sanctions that would be applied in the event of violation of its programme. These sanctions must be seen to be applied openly and consistently. Similarly, business associates should be required to comply with the enterprise's policy of prohibition of bribery and understand the sanctions that would be applied in the event of a bribery incident, such as termination of contract.

## Risk assessment

Every enterprise faces a range of bribery risks particular to its individual circumstances. These must be assessed to enable it to design adequate anti-bribery controls. Management will design its anti-bribery programme to be proportionate to the risk, but strive to abide by its policy of prohibition of bribery. While the enterprise must have a policy of prohibition of bribery, 'there is no practical way to reduce risk to zero' as is noted in COSO. Risk assessment is not only carried out by management when first designing an anti-bribery programme but is a continuous process as the enterprise, its activities and the circumstances will change as will its exposure to risk.

**COSO Integrated Framework** ‘Every entity faces a variety of risks from external and internal sources that must be assessed. A precondition to risk assessment is establishment of objectives and thus risk assessment is the identification and analysis of relevant risks to the achievement of assigned objectives. Risk assessment is a prerequisite for determining how the risks should be managed.’

No.	Control objective	Notes
8	The enterprise carries out continuing risk assessments to identify changes and risks that could affect the enterprise’s ability to achieve its anti-bribery control objectives and modifies its anti-bribery programme accordingly.	The anti-bribery programme will be designed to counter risks identified through an initial risk assessment and fulfil commitments to anti-bribery made by the enterprise. The programme will be maintained and improved through continuous risk assessment, as well as benchmarking against good practice standards and peer enterprises’ approaches.
9	Controlled entities and business associates including suppliers, agents and other intermediaries are assessed for conformity with the enterprise’s anti-bribery programme and their susceptibility to bribery risks.	The enterprise’s business relationships should be identified to determine whether they are controlled entities such as subsidiaries and in some cases investments or joint ventures or associates such as agents and other forms of intermediary. The assessment should cover potential risks of bribery for each form of business associate and the extent to which the enterprise could require and influence the associates’ anti-bribery programme.
10	Known areas of high risk for bribes are assessed.	High-risk areas may include political and charitable contributions, sponsorships, gifts, hospitality and travel expenses and facilitation payments. The enterprise will develop detailed control procedures to address the identified risks.
11	Operational functions, activities and locations that pose risks of bribery are assessed.	Some functions such as marketing, contracting and purchasing present higher risks.

## Control activities

Operational activities such as marketing and purchasing and areas such as political contributions, charitable contributions, sponsorship, gifts, hospitality and expenses, are subject to particular risks of bribes. In response to the identified risks, the enterprise will establish detailed policies and procedures that articulate its intentions in mitigating these risks. For example, the enterprise’s policy and procedures for gifts would describe the circumstances, expenditures or gifts that are considered appropriate, the approvals required before making or receiving a gift and how to deal with such situations.

The risk assessment process will also have identified and prioritised risks arising from the enterprise's business relationships with controlled entities such as subsidiaries and contracted associates, such as joint ventures, agents, advisors, other intermediaries, contractors, subcontractors, and suppliers. The enterprise's policies on establishing and continuing with business relationships would describe the business case process, due diligence, required approvals, communication of the enterprise's anti-bribery programme, written contract expectations, training, compensation conditions and supervision and other monitoring to perform.

In addition to policies, in areas that are more vulnerable, anti-bribery controls would also include the procedures performed to check that the established policies were followed. Continuing with the example of gifts, anti-bribery control activities would include the process to check that gifts meet the criteria established in the enterprise's policy. Finally, the controls may identify situations where policies were not followed and bribes are suspected. The control activities would include the related investigation process and procedures.

**COSO Integrated Framework:** 'Control activities are ... policies and procedures, which are the actions of people to implement the policies, to help ensure that management directives identified as necessary to address risks are carried out.'

No.	Control objective	Notes
12	Based on risk assessment, appropriate control procedures are developed, implemented and maintained.	A control procedure may meet more than one of the control objectives.
13	Activities and transactions in the enterprise and all its controlled entities are conducted in accordance with the enterprise's anti-bribery control procedures.	The enterprise should require its anti-bribery programme or an equivalent to be observed not only in its organisation, but in entities over which it has effective control including subsidiaries and significant investments and joint ventures.
14	Activities and transactions for business relationships, including contracting, align with the enterprise's anti-bribery programme.	The enterprise should make its anti-bribery programme known to its business associates including agents, other intermediaries and suppliers. It should require them contractually to observe its anti-bribery standards or where it does not have control, to use its influence to encourage such standards.
15	Suspected bribes are investigated and actions are taken accordingly.	This can include remediation of weaknesses in the anti-bribery programme, application of sanctions and reporting to the authorities.

## Information and communication

For anti-bribery control procedures to be effective, pertinent information must be identified, captured and communicated as appropriate to assessed risks in a form and time frame that enables people to know and understand the enterprise's anti-bribery programme and to have the capacity to carry out their responsibilities and counter any risks of bribery.

**COSO Integrated Framework:** COSO describes effective communication as: 'being broad in nature with information flowing down, up and laterally through the enterprise. Employees must understand their role in preventing or detecting bribes, including how their activities relate to the work of others. They must have a means of communicating significant information internally and externally, as appropriate. For example, management will need a means not only to communicate the enterprise's anti-bribery values and policies to employees but also to external stakeholders.'

No.	Control objective	Notes
16	Directors, managers, employees, agents and other intermediaries, and where appropriate, contractors and suppliers receive tailored anti-bribery training.	All employees and board members should receive training on the anti-bribery programme and tailored training should be given according to the assessed risks of bribery. This may be extended to business associates.
17	Management communicates and reports on the enterprise's anti-bribery programme internally and externally.	This will include: - Describing the management systems employed to ensure the implementation of the anti-bribery programme; and - Being open to receiving communications from relevant interested parties with respect to the anti-bribery programme.
18	Confidential channels allow employees or others to obtain advice and/or raise concerns.	Whistleblowing channels are an important way for suspicions of bribery or violations to be brought to the attention of management. Advice channels can be as important as whistleblowing channels. Confidential channels can be made available for use by business associates and other stakeholders such as the public to voice concerns and raise issues.
19	Information systems identify, capture and process relevant information (e.g. all transactions are captured and records are maintained).	Documentation of transactions not only provides an audit trail but can be used in the event of an investigation into a bribery attempt or incident.
20	Incidents and the results of bribery investigations are reported to an appropriate level of management and as appropriate to the board or equivalent body and to the relevant authorities.	Suspicions or occurrences of bribery should be recorded and reviewed to enable patterns of bribery to be analysed and provide the basis for reports to management and the board. Whether to report to the authorities will depend on the circumstances and materiality of the incident.

## Monitoring

Monitoring establishes that controls operate over time. It applies to all anti-bribery activities within the enterprise and to controlled entities, intermediaries and other business relationships. Monitoring activities may be continuous (built into the normal recurring activities), including regular management and supervisory activities.

**COSO Integrated Framework:** 'This is accomplished through continuing monitoring activities, separate evaluations or a combination of the two. Continuing monitoring occurs in the course of operations. It includes regular management and supervisory activities, and other actions employees take in performing their duties. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of continuing monitoring procedure.'

'...separate evaluations provide a fresh look from time to time, focusing directly on the system's effectiveness. This also provides an opportunity to consider the continued effectiveness of the ongoing monitoring procedures.'

'Internal control deficiencies should be required to be reported up the management line, with serious matters reported to top management and the board.'

No.	Control objective	Notes
21	Continuing and/or separate evaluations are performed to determine whether the enterprise's anti-bribery policies and procedures function over time.	The evaluations should consider not only deficiencies but potential areas for strengthening the anti-bribery programme.
22	Deficiencies and improvement areas are identified and communicated in a timely manner to those parties responsible for taking corrective action and to management, the board or equivalent body as appropriate.	When evaluations identify deficiencies they should be documented and reported to senior management. The board should receive regular reports on the results of reviews, with reports on deficiencies and actions to be taken to remedy these. The remedial actions should be implemented.

## Illustrative Control Procedures

### **Control procedures designed to prevent improper payments to or through agents**

This section provides an example of control procedures relating specifically to agents as part of control objective 14 which states: ‘Activities and transactions for business relationships, including contracting, align with the enterprise’s anti-bribery programme.’

These control procedures for agents are for illustration only, as an enterprise will design its control procedures according to its particular circumstances and the assessed risks. The control procedures are grouped under eight headings.

The example control procedures for agents apply where there is a contractual relationship with agents or similar intermediaries including advisers, consultants and distributors.

Agents can be one of the high-risk areas for bribes and kickbacks. Agents can be used by corrupt employees as a route to keep bribe payments off the books, but agents can also bribe on their own initiative and thereby put the enterprise at risk. Scrupulous procedures for appointing, managing and monitoring an agent and then due diligence in the selection are the first steps, but they must be supported by the commitment of top management to the policy of prohibition of bribery, and a culture of integrity among the enterprise’s employees and any contract staff. The enterprise should communicate its anti-bribery programme to agents and contractually require compliance. Once appointed, the agent should be monitored continually for compliance with the enterprise’s anti-bribery programme and a reappointment process carried out at regular intervals.

1	<b>General</b>
<b>1.1</b>	Management defines agents and reviews the definition regularly.
<b>1.2</b>	An up-to-date register of all agents and potential agents is maintained including accurate and complete records of each agent. The results of the due diligence review are recorded within the database. The database is kept up-to-date with all material items relevant to each agent and their contracts or potential contracts.
<b>1.3</b>	The control procedures for agents are communicated to employees and any relevant contractors.
<b>1.4</b>	The enterprise is transparent and makes its agents publicly known.

2	<b>Appointing an agent or renewing a contract</b>
<b>2.1</b>	A policy is in place for agents. The policy requires formal approval of appointments in line with designated authority levels. This policy has been appropriately reviewed, approved, communicated to staff and is subject to periodic review.
<b>2.2</b>	A business case is prepared for each proposed appointment of an agent according to a procedure detailed by management.
<b>2.3</b>	Management agrees the process to start appointment or renewal of each agent only following approval of the business case.
<b>2.4</b>	Agents are selected where possible through a competitive process recognising that in some circumstances there may be a limited choice of candidates.
<b>2.5</b>	On a periodic basis, all appointed agents are subject to revalidation of the business case and subject to a repeat of the due diligence procedures, the results of which are recorded in an agents' register.

3	<b>Due diligence: appointment, monitoring and renewal</b>
<b>3.1</b>	The control procedures for due diligence are formally documented, approved and distributed to all relevant stakeholders and are subject to periodic review. The procedures provide guidance for carrying out the due diligence through the required steps to complete the process.
<b>3.2</b>	Further written guidance and, if appropriate, other advice channels are available for referral when conducting due diligence procedures.
<b>3.3</b>	Due diligence is conducted consistently, completed, documented, reviewed and approved by senior management before appointing agents.
<b>3.4</b>	Defined escalation and approval procedures are in place for changes to due diligence results.
<b>3.5</b>	The results of due diligence reviews are documented in a standard template, along with any supporting evidence which is then compiled in a file and retained by the enterprise on the agents' register.
<b>3.6</b>	A sample of all files of agents' contracts is taken on a periodic basis and tested by the legal and compliance function to ensure that due diligence was appropriately completed in a timely manner, approved and on file prior to appointment, renewal of contract or interim contract monitoring.

<b>4</b>	<b>Contracts</b>
<b>4.1</b>	A formal contract is completed with all agents on appointment.
<b>4.2</b>	Standard contract templates are used which contain terms such as the following: <ul style="list-style-type: none"> <li>• Agents' responsibility to comply with relevant legislation</li> <li>• Agreement to comply with the enterprise's anti-bribery programme</li> <li>• Agents' responsibility to keep proper books and records available for inspection by the enterprise, auditors or investigating authorities</li> <li>• The enterprise's right of access to the agents books and records</li> <li>• Agents' responsibility to cooperate with investigations</li> <li>• Rights of termination and details of sanctions for paying bribes or acting in a manner inconsistent with enterprise's policy</li> <li>• Requirement for any variations to the contract to require approval from the general counsel.</li> </ul>
<b>4.3</b>	Contracts are complete, accurate, legally binding and contain specific clauses to protect the enterprise.
<b>4.4</b>	A contracting checklist is completed for each new appointment to ensure that all relevant information is given to the agent during the contracting process. One of the items is the provision of a standard document which describes the enterprise's anti-bribery programme, the agent's obligations to comply with the programme and the sanctions for non-compliance.
<b>4.5</b>	Formal communication channels are in place to provide agents with updates on the anti-bribery programme with which they are contracted to comply.
<b>4.6</b>	Contracts are limited to a maximum term and, if renewed, this is carried out according to the appointment procedures.

<b>5</b>	<b>Managing the relationship with agents</b>
<b>5.1</b>	Each agent has a designated 'relationship owner' responsible for continued communication with the agent and for monitoring the conduct of the agent.
<b>5.2</b>	All employees or contractors who conduct relationships with agents or carry out due diligence on agents complete tailored training. Training records are maintained.
<b>5.3</b>	Tailored training is given as appropriate to agents on the anti-bribery programme, contractual requirements and relevant laws.
<b>5.4</b>	Agents are contractually required to report to the enterprise in an agreed format on a regular basis. These reports require the agent to provide confirmation of continued compliance with contractual requirements to observe the enterprise's anti-bribery programme.
<b>5.5</b>	The 'relationship owner' is responsible for notifying the senior management charged with monitoring compliance with the enterprise's anti-bribery programme and if changes occur to material contract items. In addition, the relationship owner is responsible for reporting any conduct issues as necessary.

<b>6</b>	<b>Compensation</b>
<b>6.1</b>	All compensation arrangements are formally negotiated, agreed, documented and approved in the relevant appointment contract. Details are recorded in the agents' register.
<b>6.2</b>	The method of making payments to agents and the relevant bank details are formally documented in the contracts with agents, and checks on the payments' accordance with these conditions are performed when processing payments. Any amendments to these details and methods must be approved by the chief financial officer before making a payment.
<b>6.3</b>	All compensation to agents is appropriate and justifiable remuneration for legitimate services rendered.
<b>6.4</b>	All compensation paid to agents is paid through bona fide channels only; no payments are made in cash, through cash alternatives or to off-shore accounts unless approved by senior management and with a clearly documented reason. A clear audit trail is retained.
<b>6.5</b>	Payments to agents can only be processed by employees segregated from a relationship with the agent, and only in line with issued policy and designated approval levels.
<b>6.6</b>	Approved and documented checks and balances, including separation of duties, are in place and applied when making payments to agents.
<b>6.7</b>	Employees or contractors responsible for payments to agents receive tailored training on the anti-bribery programme including on how to identify 'red flags' and unusual or suspicious transactions.
<b>6.8</b>	A procedure is in place for reporting and addressing unusual or suspicious transactions.
<b>6.9</b>	All invoices and requests for payment are compared to contractual terms, agreement conditions and proof of services performed to verify appropriateness prior to payment. All invoices must be checked against supporting documentation and contractual information to confirm that they are valid and in line with approved terms and payments, dual approved by designated senior management.
<b>6.10</b>	Any confirmed or suspected non-compliance is reported to senior management, followed up, explanations obtained and actions taken to rectify.

<b>7</b>	<b>Monitoring</b>
<b>7.1</b>	The conduct of agents and their compliance with the enterprise's anti-bribery programme is continually monitored and reviewed.
<b>7.2</b>	Instances of non-compliance are reported to senior management, are followed up to establish reasons for non-compliance and remedial actions are taken in a timely manner.
<b>7.3</b>	Each year management reviews the enterprise's control procedures as part of a risk assessment review to determine whether these are adequately designed to prevent improper payments to or through agents. Changes to the procedures are made as necessary.
<b>7.4</b>	On a regular basis, management presents reports to the board detailing the number of agents considered and contracted, payments made, contracts reviewed, allegations made of impropriety, results of investigations and sanctions and contract terminations applied.
<b>7.5</b>	Periodically, a sample of agents is audited by an internal function or an agreed third-party to check their compliance with the enterprise's anti-bribery programme.

<b>8</b>	<b>Sanctions</b>
<b>8.1</b>	Sanctions for non-compliance are agreed by management, communicated to all agents and form part of the contracts with agents.
<b>8.2</b>	Suspected or confirmed bribery is identified, reviewed, reported and acted upon in a timely manner.
<b>8.3</b>	The legal function reviews all allegations and suspicions of non-compliance by agents and recommends to senior management the appropriate sanctions including contract terminations to be applied to in line with enterprise policy and the agents' contracts.
<b>8.4</b>	Senior management reviews all recommendations for sanctions and contract termination from the legal function and approves or rejects these.
<b>8.5</b>	Sanctions applied to agents are recorded in the agents' register.

## Example of a Management Assertion

We are responsible for preparing and presenting the accompanying description of the anti-bribery programme (the Programme) adopted by the XYZ Company ('the Company') in the areas throughout the period [date] to [date] which consists of:

- Policy of prohibiting bribery
- Control objectives relating to the policy having regard to Transparency International's Assurance Framework for Corporate Anti-Bribery Programmes
- Control procedures designed to provide reasonable assurance that the control objectives are achieved.

The anti-bribery programme has been implemented by the Company and all its subsidiaries and it covers the business activities stated at pages [cc-dd] in this report.

We confirm that:

- The accompanying description describes fairly the control objectives implemented by the Company and the related control procedures
- Control procedures described were suitably designed and implemented such that there is reasonable assurance that the specified control objectives would be achieved if the described control procedures operated effectively.

Signed by officer of the company (e.g. President, Chief Executive, Chief Financial Officer, General Counsel)

Date

# Example of an Assurance Report

Independent practitioner's assurance report on the description of the anti-bribery programme and the design of control procedures.

**To: Board of directors of XYZ Company**

## **Scope**

We have been engaged to report on the description at pages [aa-bb] of the anti-bribery programme (the Programme) adopted by XYZ Company (the description) and on the design of the control procedures related to the control objectives stated in the description as at [date].

## **Management's responsibilities**

Management of XYZ Company is responsible for preparing and presenting the description and accompanying assertion at page [xx], including the completeness, accuracy and method of presentation of the description and the assertion, stating the control objectives and identifying risks that threaten their achievement, and designing, implementing and maintaining policies and procedures to achieve the stated control objectives.

## **Practitioners' responsibilities**

Our responsibility is to express an opinion on the description and on the design of the control procedures related to the control objectives stated in the description, based on our procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we comply with ethical requirements, and plan and perform our procedures to obtain reasonable assurance whether, in all material respects, the description is fairly presented and the policies and procedures are suitably designed.

Our assurance engagement involved performing procedures to obtain evidence about the presentation in the description and the suitability of the design of the control procedures. Our procedures included assessing the risks that the description is not fairly presented and that the control procedures were not suitably designed to achieve the related control objectives stated in the description. The control procedures selected depend on the practitioner's judgment, including the assessment that the description is not fairly presented, and that the policies and procedures are not suitably designed, whether due to fraud or error. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We did not perform any procedures regarding the effectiveness of the policies and procedures included in the description, and accordingly do not express an opinion therein.

## **Limitation of policies and procedures**

Because of their nature, the control procedures may not prevent or detect all instances of bribery.

**Opinion**

Our opinion has been formed on the basis of the matters outlined in this report. The criteria we used in forming our opinion were those described in the management's assertion at page [xx]. In our opinion, in all material respects:

- (a) The description fairly presents the control procedures that had been designed and implemented as at [date]
- (b) The control procedures related to the control objectives stated in the description were suitably designed and implemented as at [date].

Practitioner's signature

Date of practitioner's assurance report

Practitioner's address

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