

Boardroom questions

Anti-bribery and corruption

Board Leadership Center (India)



Bribery and corruption allegations and risks could lead to severe reputational and financial damages and are subject to investigations and significant fines by enforcement authorities.

In recent years, ensuring organisations have an effective anti-bribery and corruption (ABC) programme has been

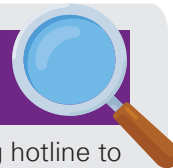
one of the key focus areas for the board of directors. In their oversight roles, they need to consider whether the organisation’s current ABC programme meets the expectation of the regulators. It is prudent for the board members to make enquiries into the following aspects of prevention, detection and response element of the ABC programme.

Prevention



- ABC policies and procedures
- Proactive risk assessments, including those common in the sector or countries of operations
- Background checks on employees in sensitive roles
- Third-party due diligence before onboarding
- Education and awareness of both employees and third-parties about the organisation’s policies and procedures.

Detection



- Whistleblowing hotline to report potential incidents
- ABC audits and compliance reviews
- Use of data analytics to monitor red flags or violations
- Third-party compliance reviews (e.g., invoking right to audit clause).

Response



- Process to thoroughly investigate suspected cases of corruption
- Appropriate disciplinary action against those responsible
- Use lessons learnt to update policies and processes.

Does the organisation’s compliance programme answer in the affirmative to the following fundamental questions?

- Is the ABC programme adequately designed?
- Is the ABC programme adequately staffed and empowered to function effectively?
- Does the ABC programme work in practice?



Boardroom questions



1

Management review

- Has the board received appropriate briefings to enable them to provide the required oversight of ABC efforts?

2

Framework

- Is the organisation's ABC framework aptly designed, implemented and is operating effectively?
- Are there effective standards, policies and procedures to address risks?

3

Risk assessment

- Has the ABC risk assessment been undertaken periodically, including in other geographies the company operates in?
- Has the risk assessment led to updates in policies, procedures and controls?

4

Third-party management

- What are the most significant third-party risks facing the organisation?
- What is being done to manage and monitor risks?

5

Commitment by senior/middle management

- What actions have the leadership and the middle management taken to demonstrate commitment to the compliance programme?

6

Compliance capability and autonomy

- Does the individual responsible for compliance has the autonomy from the management, access to the board and adequate resources to ensure that the ABC programme is implemented effectively?

7

Training and communications

- Is the ABC training programme tailored and focused to provide trainings to employees and third-parties specific to their role, function, geography and the overall bribery risk they face?

8

Incident response

- Is the incident reported to the concerned authorities within the stipulated time?
- Are investigations scoped, independent and conducted appropriately?
- How has the board satisfied itself that the organisation has adequately remediated the incident?

9

Continual improvement

- Are the anti-corruption compliance audits integrated in annual audit plans to assess appropriateness of the overall framework?
- Does the audit include review of financial transactions to test for potential corruption red flags?

What actions can the board consider?

- Setting a 'zero tolerance' tone at the top
- Require the management to assess existing ABC programme, identify and document bribery risks and mitigating controls
- Require the management to ensure robust controls around risks posed by vendors and other third-parties
- Ensure the management regularly provides the board, reasonable assurance about the adequacy and effectiveness of the programme.



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