

DRAFT FOR PUBLIC CONSULTATION

Transparency International Framework for Voluntary Independent Assurance of Corporate Anti-Bribery Programmes

5 October to 28 January 2011

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, Germany, TI raises awareness of the damaging effects of corruption and works with partners in government, business and civil society to develop and implement effective measures to tackle it.

www.transparency.org

Acknowledgements

Authored by Jermyn Brooks, Susan Côté-Freeman and Peter Wilkinson

Transparency International Secretariat
Alt-Moabit 96
10559 Berlin
Germany
Email: IndependentAssurance@transparency.org

©2010 Transparency International. All rights reserved.

Developed with the support of the World Economic Forum Partnering Against Corruption Initiative (PACI)

The World Economic Forum Partnering Against Corruption Initiative (PACI) is a global, private sector led anti-corruption initiative in partnership with Transparency International and the Basel Institute on Governance, offering a risk-mitigation platform for signatory companies from across industry and regions.

Contents

ABBREVIATIONS.....	4
DEFINITIONS.....	5
1. INTRODUCTION.....	6
2. PREPARATORY STEPS.....	7
3. ELEMENTS OF ANTI-BRIBERY ASSURANCE.....	9
4. MANAGEMENT ASSERTION.....	9
5. BASIS FOR THE ASSERTION.....	10
6. CONTROL OBJECTIVES AND CRITERIA.....	10
7. ASSURANCE ENGAGEMENT AND REPORTING.....	11
ANNEX: CONTROL OBJECTIVES.....	12
RESOURCES.....	19

Consultation draft

Abbreviations

Business Principles

The Business Principles for Countering Bribery¹ are an anti-bribery code developed through a multi-stakeholder process led by Transparency International and involving companies, non-governmental organisations and trade unions.

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 control is widely used by companies and organisations to assess their control systems.

ISAE 3000

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.

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.

TI

Transparency International

¹ http://www.transparency.org/global_priorities/private_sector/business_principles

Definitions

Anti-bribery programme

The whole of an enterprise's anti-bribery efforts including values, code of conduct, detailed policies and procedures², risk management, internal and external communication, training and guidance, internal controls, oversight, monitoring and assurance.³

Control

A control procedure designed by an entity to achieve a control objective.

Control objective

A statement by an entity of a desired result to be achieved by implementing controls for specific aspects of its operations. The totality of the entity's control objectives will support the achievement of its no-bribes policy. The control objectives form the criteria for an assurance engagement.

Control procedure

A policy or procedure or combination thereof designed to achieve a control objective.

Criteria

The benchmarks used by the assurance provider and the users of the assurance report to evaluate an entity's anti-bribery controls. In accordance with ISAE 3000, criteria are deemed suitable when they exhibit the following characteristics: relevance, completeness, reliability, neutrality and understandability. This Framework provides a set of suitable criteria to assess controls and meet the needs of intended users. The criteria are expressed as control objectives in the Framework. They are derived from the COSO framework and aligned to leading anti-bribery codes.⁴

Entity

An enterprise or other commercial body.

Management assertion

A written statement by the senior management of an entity asserting:

- 1) The suitability of the design of its anti-bribery controls at a specified date; or
- 2) The suitability of the design and the operating effectiveness of its anti-bribery controls over a specified period.

Suitable criteria

See Criteria

User

Any entity, organisation or person with an interest in information on the entity's anti-bribery programme.

² Detailed policies and procedures' are termed 'controls' in this Framework.

³ Business Principles for Countering Bribery, 2009 edition, page 6.

⁴ Business Principles for Countering Bribery, Transparency International, 2009 edition and the PACI Principles for Countering Bribery developed by the Partnering Against Corruption Initiative of the World Economic Forum.

1. Introduction

The purpose of the TI Framework for Voluntary Independent Assurance of Corporate Anti-Bribery Programmes ('the Framework') is to encourage the use of independent assurance as a means to strengthen and lend greater credibility to corporate anti-bribery programmes.⁵

The TI Framework advises entities on the steps to take in preparation for independent assurance. Most importantly it proposes benchmarks, in the form of control objectives to be used by entities in designing and evaluating their anti-bribery programmes. These control objectives will also be used as criteria by assurance providers in evaluating and assuring an entity's anti-bribery programme.

TI hopes that the control objectives, included in the Annex to the Framework, will become generally recognised and accepted as suitable criteria for the purposes of providing independent assurance on corporate anti-bribery programmes.

To reflect the gradual process of implementing anti-bribery programmes, two types of assurance are specified in this Framework. Type 1 which provides assurance on the suitability of the design of anti-bribery controls implemented by an entity at a point in time and Type 2 which additionally provides assurance on the operating effectiveness of the entity's controls over a specified period.

The Framework was developed by Transparency International (TI) with the support of the World Economic Forum Partnering Against Corruption Initiative (PACI) and through extensive consultations with representatives of the leading accounting networks. TI is grateful to those individuals who contributed their time and expertise.

⁵ Although the Framework is designed for corporate entities and assurance providers it could also be used by non-corporate entities.

2. Preparatory steps

Before undergoing independent assurance of its anti-bribery programme, the entity will need to be sure that the programme is suitably designed, implemented and working. The preparatory steps to assurance comprise stages described in detail in the TI 6Step Implementation Process⁶ and these are summarised below.

Committing to the anti-bribery policy

The no-bribes policy is formulated by management and then committed to formally by the board; thereafter the board and management lead the implementation of a culture of zero tolerance of bribery ('tone from the top').

Assessing bribery risks

An assessment by management of bribery risks is the first step in the design and continuous improvement of an entity's anti-bribery programme. The risk assessment process gives the entity a systematic view of where bribery risks lie and should be the basis for the design of detailed controls to address these risks. Through a repeated process of risk assessment the programme will be adapted to meet changing conditions and risks.

Designing the anti-bribery programme

Based on the risk assessment, management will set objectives ('control objectives') for countering bribery and design a range of controls to achieve the control objectives.

The TI Framework provides a baseline set of 22 control objectives intended to assist management in designing and implementing controls. The control objectives listed in Annex 1 are derived from the Business Principles and the PACI Principles. They are organised according to the framework for internal controls developed by COSO in the United States. They are also intended to provide suitable criteria for use by assurance providers. Based on the risk profile of the entity, management may need to add additional control objectives.

Management's objective in designing and implementing its anti-bribery controls is to achieve the defined control objectives. In designing the anti-bribery programme, management may consider taking steps such as:

- Benchmarking or aligning to external norms such as voluntary anti-bribery codes such as the Business Principles and PACI Principles and their accompanying guidance documents;
- Benchmarking against peer and best practice entities;
- Consulting with stakeholders;
- Conducting research on key topics.

⁶http://www.transparency.org/global_priorities/private_sector/business_principles/six_step_implementation_process

Implementing the controls

Management should then ensure that the controls are implemented. This will involve a range of activities including communication to employees and third parties, training, provision of help lines and whistleblowing channels and setting up internal financial and other controls.

Monitoring and continuous improvement

Once implemented, management should ensure that the controls are working satisfactorily through a process of continuous monitoring, assessment and improvement that aims to respond to changing and/or additional risks and any identified incidents of bribery. In doing this, management could make use of the TI Self-evaluation Tool⁷ and the equivalent tool developed by TI for the PACI Principles.

Internal audits and reviews

Internal audit and reviews by related support functions form part of the monitoring process that checks that the programme is working, identifying any deficiencies and areas for improvement. The entity may use internal audit expertise or external advisors to assess the design or additionally the operating effectiveness of its anti-bribery programme. These internal reviews could be carried out as a preliminary step to public reporting on the programme and/or independent assurance.

Learning from incidents and violations

A robust anti-bribery programme must include controls to deal with incidents and violations. The lessons from incidents and violations play an important role in improving the anti-bribery programme. Further, having controls in place to respond to incidents appropriately and promptly will provide evidence of the effective operation of the anti-bribery programme and will serve to reassure investors and other stakeholders.

Making public the anti-bribery programme

For most entities the progress towards public disclosure of the anti-bribery programme will be gradual. The entity must first decide when and to what extent to communicate to the outside world that it has introduced an anti-bribery programme. When reporting publicly, the entity should use the authoritative UN Global Compact-TI Reporting Guidance as a reference.⁸

The prerequisites for obtaining voluntary independent assurance of the anti-bribery programme are a carefully implemented anti-bribery policy and readiness to describe publicly the anti-bribery controls in a 'management assertion' as described in this Framework.

The elements of the TI Framework are now described.

⁷ http://www.transparency.org/global_priorities/private_sector/business_principles

⁸ www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/UNGC_AntiCorruptionReporting.pdf

3. Elements of anti-bribery assurance

This Framework proposes four elements for the assurance process:

- 1) A management assertion i.e. a statement from the entity's management describing the entity's anti-bribery programme and asserting the suitability of the entity's anti-bribery controls;
- 2) A basis for the assertion i.e., a detailed description of the process for developing the entity's controls and how these were evaluated in the achievement of the entity's control objectives supported by evidence;
- 3) Control objectives based on those set out in this Framework and also used as criteria by the assurance provider to evaluate the suitability of the entity's anti-bribery controls;
- 4) An assurance report.

The elements of this Framework were developed on the assumption that the assurance provider would follow ISAE 3000, a generic internationally recognised assurance standard issued by the International Auditing and Assurance Standards Board.

4. Management assertion

The management assertion is the foundation for an assurance engagement on anti-bribery controls. In the assertion, management will describe and comment on the quality of the controls it has in place and state that these are designed to achieve or are achieving the entity's control objectives.

The management assertion should:

- Identify and clearly describe the scope of the assertion i.e., the entire entity, or subsidiaries. The entity 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 hospitality⁹;
- Refer to the use of this Framework;
- State that at a specified date the entity has:
 - Developed a risk-appropriate range of anti-bribery controls suitably designed to achieve the entity's control objectives;
 - Implemented these controls throughout its activities or in the specific entities and areas identified in the scope of the assertion.
- List the entity's control objectives and confirm these are the control objectives specified in this Framework, subject to:
 - Deletion of any control objectives that are not applicable to the entity with an explanation;
 - Addition of any control objectives beyond those in this Framework with an explanation.

⁹ If the scope is narrowed the assurance provider may, in addition, need to review some entity-wide controls with the result that there may not be a significant difference between a narrowly-defined and full-scope assurance engagement.

- Provide details of any significant changes, deficiencies and exceptions relevant to the users of the assurance report;
- State confidence in the suitability of the entity's controls whilst recognising that there cannot be an absolute guarantee that bribery will never occur;
- State additionally for a Type 2 assurance that the anti-bribery controls have operated effectively over a specified period.

5. Basis for the Assertion

To provide a basis for the assertion, management should complete the preparatory steps described in section 2.

To assert that the entity's anti-bribery controls are suitably designed, management should:

- Determine that the controls collectively provide reasonable assurance that the control objectives will be achieved across the entity's activities (or those specified in the scope);
- Determine that the controls appropriately reflect the entity's size, business sector, locations of operation and potential risks of bribery, including the most prevalent forms and channels for bribes;
- Assess the risks that threaten achievement of the control objectives;
- Establish for Type 1 Assurance, that the anti-bribery controls were implemented as designed at a specified date;
- Determine additionally for Type 2 Assurance that the controls were operating effectively over a specified period;
- Evaluate whether the implementation of the controls has achieved the control objectives.

6. Control Objectives and Criteria

The entity's control objectives form the criteria for the assurance provider to assess the validity of the management assertion. Criteria are also useful to the reader of the management assertion and assurance report as they provide an understanding of the entity's anti-bribery controls and how the assurance provider reached its conclusion.

ISAE 3000 requires the assurance provider to use 'suitable criteria' in evaluating the entity's anti-bribery controls and states that these should exhibit the characteristics of 'relevance, completeness, reliability, neutrality and understandability.'

The criteria in this Framework are organised according to the COSO Framework, a widely used model for the evaluation of internal controls and cover the following five headings:

- Control environment
- Risk assessment
- Control activities
- Information and Communication
- Monitoring and Evaluation

7. Assurance Engagement and Reporting

When commissioning independent assurance the entity should first decide whether to undertake Type 1 or Type 2 Assurance. Type 1 Assurance focuses on the suitability of the design of anti-bribery controls at a specified date. Type 2 Assurance covers the suitability of the design of the entity's anti-bribery controls and their operating effectiveness over a specified period. Consideration in making this choice could include:

- The level of sophistication of the entity's anti-bribery controls;
- The need to build credibility following an incident;
- The resources, human and financial, available for the assurance process recognising that Type 2 assurance would be more demanding.

As indicated in ISAE 3000¹⁰, the conclusion of the assurance process is the provision of a written report by the assurance provider to its intended users and these may include, but are not restricted to, the board, management and external stakeholders.

Initially, the entity may choose to limit the distribution of the assurance report to an internal audience but as it gains confidence in the robustness of its controls it may then advance to public disclosure of the report.

Whether for internal or external use, the following types of report would be given:

Type 1 Assurance

- Assurance reporting on whether an entity's anti-bribery controls are designed, in all material respects, as at a specified date, to provide reasonable assurance of achieving the entity's control objectives (Type 1 Assurance).

Type 2 Assurance

- Assurance reporting on whether an entity's anti-bribery controls are, in all material respects, operating as designed (or effectively) for a specified period (Type 2 Assurance).

¹⁰ In certain jurisdictions there are national assurance standards which can be used to yield a similar outcome.

Annex: Control objectives

This annex provides a basic set of control objectives applicable to all assurance engagements and they should not be used selectively. However, the entity may need to add one or more control objectives where it has particular circumstances or risks that are not addressed by the control objectives in this Framework. The entity may also decide not to use a specific control objective if it is not applicable to its circumstances¹¹. The entity's management should describe in its assertion any changes to the basic set of control objectives and explain why.

The entity will design and implement controls for each control objective to provide reasonable assurance of the achievement of the control objective. The Framework refers to reasonable assurance because however well designed an anti-bribery programme may be, it cannot guarantee that the entity will be free from bribery.

The control objectives developed for this Framework are grouped below under each of the five COSO elements. Each section also includes excerpts from COSO Guidance and examples from two leading anti-bribery codes ['the Codes'] -- the TI-led Business Principles for Countering Bribery and the PACI Principles--and some explanatory remarks.

Control environment

With respect to the Control Environment, the entity's policies and procedures should provide reasonable assurance that:

- CO 1) The entity has a public policy of zero tolerance of bribery across all its operations and its anti-bribery values are articulated as part of its business principles.**
- CO 2) The entity's anti-bribery policies and procedures are consistent with the laws relevant to countering bribery in all jurisdictions where the entity operates.**
- CO 3) Management, the CEO and the board or equivalent body define, assign authority and responsibility for the design, implementation and monitoring of anti-bribery policies and procedures to individuals with appropriate authority and competence.**
- CO 4) Management, the CEO and the board or equivalent body provide leadership on and demonstrate commitment to the policies and procedures.**
- CO 5) Human Resources policies and procedures including appraisal and recognition, are aligned to the entity's anti-bribery policies.**
- CO 6) Recruits meet the ethical standards articulated in the entity's policies.**
- CO 7) The entity enforces its anti-bribery policies by applying sanctions in the event of non-compliance by board members, management, employees or business partners.**

¹¹ For example an entity may not need to use control objective 15 if it does not have agents or other intermediaries.

COSO description

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 entity'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.

The factors described above by COSO are fundamental to the achievement of the entity's objective of countering bribery.

The starting point for the entity's anti-bribery Programme is a public policy of zero tolerance.

The Codes have the following provisions related to the Control Environment.

With respect to the management, the CEO and the board or equivalent body and their operating style, they state:

- The Board of Directors (or equivalent body) is responsible for overseeing the development and implementation of an effective Programme.
- The Chief Executive Officer (or executive board) is responsible for seeing that the Programme is carried out consistently with clear lines of authority.
- The Board of Directors or equivalent body, Chief Executive Officer and senior management should demonstrate visible and active commitment to the implementation of the enterprise's Programme.

The Codes address the entity's **human resource activities** through the following:

- Human resources practices including recruitment, promotion, training, performance evaluation, remuneration and recognition should reflect the enterprise's commitment to the Programme.
- The enterprise should make it clear that that no employee will suffer demotion, penalty or other adverse consequences for refusing to pay bribes even if it may result in the enterprise losing business.
- The enterprise should make compliance with the Programme mandatory for employees and apply appropriate sanctions for violations of its Programme.
- The enterprise should apply appropriate sanctions for violations of the Programme, up to and including termination in appropriate circumstances.
- Employees, contractors, intermediaries or suppliers should receive **training** tailored to their risks and needs. The training should provide information about policies and procedures and give guidance on how to deal with situations they may encounter. The Codes provide as follows:

- Directors, managers, employees and agents should receive appropriate training on the Programme, tailored to relevant needs and circumstances.
- Where appropriate, contractors and suppliers should receive training on the Programme.
- Training activities should be assessed periodically for effectiveness.

Finally, the Codes address **raising concerns and seeking guidance**.

- To be effective, the Programme should rely on employees and others to raise concerns and violations as early as possible. To this end, the enterprise should provide secure and accessible channels through which employees and others should feel able to raise concerns and report violations ('whistle-blowing) in confidence and without risk of reprisal.
- These or other channels should be available for employees to seek advice on the application of the Programme.

Risk Assessment

With respect to Risk Assessment, the entity's controls should provide reasonable assurance that:

- CO 8) Controlled entities, intermediaries and other business relationships are identified and assessed for their susceptibility to bribery risks.**
- CO 9) Forms of bribery and potential channels¹² for bribes are assessed.**
- CO 10) Operational functions, activities and locations that pose the greatest risks of bribery are assessed.**
- CO 11) The entity carries out continuous assessments of changes that may affect the entity's ability to achieve its anti-bribery control objectives.**

Every entity faces a range of bribery risks that must be assessed to enable it to design adequate anti-bribery controls.

COSO description

A precondition to risk assessment is establishment of objectives, linked at different levels and internally consistent...Risk assessment is the identification and analysis of relevant risks to achievement of the objectives, forming a basis for determining how the risks should be managed.

The entity must have a policy of zero tolerance of bribery. However, as is noted in COSO, 'there is no practical way to reduce risk to zero'. Nevertheless management must strive to abide by its zero tolerance policy.

There is a difference between tolerance and risk. While the entity's tolerance for bribery in any form is zero, the entity still assesses areas that pose an increased risk recognising that it cannot practically reduce risks of bribery to zero.

Risk assessment is a continuous process as the entity, its activities and the circumstances will change as will its exposure to risk.

¹² Forms of bribery such as kickbacks and facilitation payments as well as channels that may be used as subterfuges for bribes such as political and charitable contributions, sponsorships, gifts, hospitality and travel expenses.

The Codes state:

- The Programme should be tailored to reflect an enterprise's particular business circumstances and culture, taking into account such potential risk factors as size, business sector, nature of the business and locations of operation.
- In developing its Programme for countering bribery, an enterprise should identify and assess specific areas that pose the greatest risks
- The enterprise should ensure that it is informed of all internal and external matters material to the effective development and implementation of the Programme, and, in particular, emerging best practices including engagement with relevant interested parties.

Control Activities

- CO 12) Based on the risk assessment, anti-bribery policies and procedures are developed, implemented and maintained.**
- CO 13) Activities and transactions are conducted in accordance with the entity's anti-bribery policies and procedures.**
- CO 14) Business relationships and other forms of contracting are executed in accordance with policies and procedures.**
- CO 15) Directors, managers, employees, agents and other intermediaries, and where appropriate, contractors and suppliers receive tailored anti-bribery training.**
- CO16) Suspected bribes are investigated.**

COSO description

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.

The risk assessment process identifies and assesses risk in order to prioritise them. The Codes identify activities and transactions such as political contributions, charitable contributions, sponsorships, gifts, hospitality and expenses, as areas subject to risks of bribes. In response to the identified risks, the entity will establish policies that articulate its intentions in mitigating these risks. For example, the entity's policy and procedures for gifts would describe the expenditures or gifts that are considered appropriate, the approvals required before making or receiving a gift and how to deal with situations.

The risk assessment process will also have identified and prioritised risks arising from the entity's business relationships. The Codes include subsidiaries, joint ventures, agents, advisors, other intermediaries, contractors, subcontractors, and suppliers as potential business relationships. The entity's policies over establishing and continuing with business relationships would describe the due diligence, approvals required, communication of the entity's Programme, written contract expectations, compensation conditions and supervision and other monitoring to perform.

In addition to policies, in areas that pose increased risk, 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 entity'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.

With respect to Control Activities, controls should provide reasonable assurance that the following control objectives will be achieved:

Information and Communication

With respect to Information and Communication, controls should provide reasonable assurance that the following control objectives will be achieved:

- CO 17) Management communicates the entity's anti-bribery policies internally and externally.**
- CO 18) Information systems identify, capture and process relevant information (e.g., all transactions are captured and records are maintained).**
- CO 19) Confidential channels allow employees or others to obtain advice and/or raise concerns.**
- CO 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.**

COSO describes effective communication as being broad in nature with information flowing down, up and laterally through the entity. 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 entity's anti-bribery values and policies to employees but also to external stakeholders.

For anti-bribery controls to be effective, pertinent information must be identified, captured and communicated appropriate to assessed risks in a form and timeframe that enable people to know and understand the entity's policies and procedures and to have the capacity to carry out their responsibilities and counter any risks of bribery.

The Codes cover aspects of information and communication.

- The enterprise should establish effective internal and external communication of the Programme.
- The enterprise should publicly disclose information about its Programme, including management systems employed to ensure its implementation.
- The enterprise should publicly disclose its Policy for countering bribery.

This information and communication section encompasses the formal and informal processes that capture information and report operational, financial and compliance information needed to achieve management's anti-bribery goals. For example, the Codes state:

- The enterprise should maintain available for inspection accurate books and records, which properly and fairly document all financial transactions. The enterprise should not maintain off-the-books accounts.

Such records and processes are needed for the entity's Programme to be effective.

The processes in the information and communication component deal not only with internally generated data, but also information about external events, activities and conditions necessary to decision-making.

Information and communication mechanisms need to provide a means for employees and others to raise concerns and seek advice. The Codes provide:

- The enterprise should provide secure and accessible channels through which employees and others can raise concerns and report suspicious circumstances ('whistle blowing') in confidence and without risk of reprisal.
- These channels should also be available for employees and others to seek advice or suggest improvements to the Programme. As part of this process, the enterprise should provide guidance to employees and others on applying the Programme's rules and requirements to individual cases.

The entity also should have policies and procedures to deal with allegations, incidents and the results of investigations of potential bribery incidents. Policies and procedures should describe the criteria and methods used to ensure that information is reported to appropriate levels of management and, if appropriate, to the Board or equivalent body.

Monitoring

With respect to Monitoring section, *controls* should provide reasonable assurance that the following *control objectives* will be achieved:

- CO 21) Continuing and/or discrete evaluations are performed to determine whether the entity's anti-bribery policies and procedures function over time.**
- CO 22) Deficiencies 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.**

COSO description

Internal control systems need to be monitored – a process that assesses the quality of the system's performance over time. 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 procedures. Internal control deficiencies should be required to be reported up the management line, with serious matters reported to top management and the board.

Monitoring establishes that controls operate over time. It applies to all anti-bribery activities within the entity 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 notes that 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.'

Examples of provisions related to monitoring in the Codes are:

- The enterprise should be open to receiving communications from relevant interested parties with respect to the Programme.
- The enterprise should establish feedback mechanisms and other internal processes supporting the continuous improvement of the Programme. Senior management of the enterprise should monitor the Programme and periodically review the Programme's suitability, adequacy and effectiveness and implement improvements as appropriate.
- Senior management should periodically report the result of the Programme review to the Audit Committee, Board or equivalent body.
- The enterprise should subject the internal control systems, in particular the accounting and recordkeeping practices, to regular audits to verify compliance with the Programme.

Consultation draft

Resources

Title	Description	Publisher	Reference
Business Principles for Countering Bribery	TI led, multi-stakeholder developed anti-bribery code	Transparency International	http://www.transparency.org/global_priorities/private_sector/business_principles
PACI Principles for Countering Bribery	Anti-bribery Code, from the World Economic Forum Partnering Against Corruption Initiative (PACI))	World Economic Forum	http://www.weforum.org/paci
Guidance document to the Business Principles for Countering Bribery		Transparency International	http://www.transparency.org/global_priorities/private_sector/business_principles/guidance_document
Guidance document to the PACI Business Principles for Countering Bribery		World Economic Forum	http://www.weforum.org/paci
Adequate procedures guidance	Guidance to the UK Bribery Act and adequate procedures	Transparency International UK	http://www.transparency.org.uk/working-with-companies/adequate-procedures
TI ABC Anti-bribery checklist	Checklist of 20 questions on where your entity stands	Transparency International	http://www.transparency.org/global_priorities/private_sector/business_principles
TI Self-evaluation Tool	Self-improvement tool based on the Business principles for Countering Bribery	Transparency International	http://www.transparency.org/global_priorities/private_sector/business_principles
PACI Self-evaluation tool	Self-improvement tool developed by TI for PACI and based on the PACI Principles for Countering Bribery	World Economic Forum	http://www.weforum.org/paci
TI6Step Implementation Process	Guide to implementing an anti-bribery programme	Transparency International	http://www.transparency.org/global_priorities/private_sector/business_principles/six_step_implementation_process
Global Compact-TI Reporting Guidance	Public reporting Framework for anti-corruption	Global Compact and Transparency International	www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/UNGC_AntiCorruptionReporting.pdf
COSO			http://www.coso.org/
ISAE3000			http://web.ifac.org/download/2008_Auditing_Handbook_A270_ISAE_3000.pdf