

**ANTI-BRIBERY AND ANTI-CORRUPTION COMPLIANCE:**  
**Key insights for those charged with governance**

# Anti-bribery and Anti-corruption Compliance: Key Insights for those charged with Governance



## Regulatory imperative for managing the risk of Bribery and Corruption

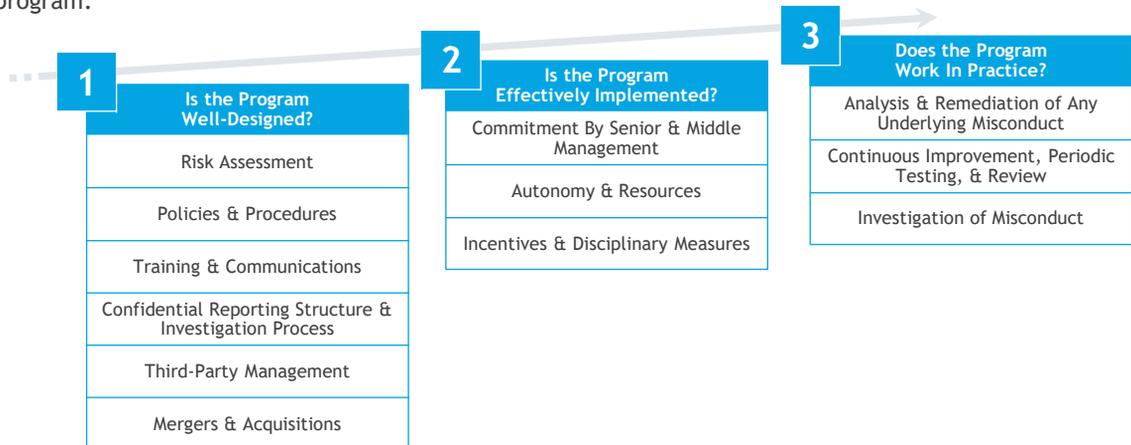
Bribery and Corruption, both locally and internationally, can have serious political, social and economic consequences for organisations resulting in regulatory enforcement, fines, and reputational damage. The regulatory and enforcement environment is highly dynamic with responding to regulatory inquiries being both expensive and hampering an organisation's ability to be strategic.

All organisations public and private should consider developing and implementing an effective anti-bribery and corruption compliance program ("ABC compliance program") to prevent, detect and respond to bribery and corruption risks.

Regulatory imperative for managing the risk of Bribery and Corruption.

United Arab Emirates (UAE) has had anti-bribery legislation in place since the 1980s in the form of the UAE Federal Penal Code ("the Code") pursuant to Federal Law No 3. Of 1987 - the Code is the main federal law, which regulates anti-bribery practices in the UAE. Article 234 to 239 of the Code contains provisions that criminalise the bribery or attempted bribery of public and private sector employees by individual or company. Additionally, two laws directly related to bribery in the UAE are Federal Decree-Law No. 11 of 2008 (also known as Federal Human Resources Law) and Dubai Law No. 37 of 2009 on the Procedures for Recovery of Illegally obtained Public and Private Funds. Furthermore, the UAE has ratified the UN Convention against corruption pursuant to Federal Decree 8/2006. The UAE is also a signatory to the Arab Convention to Fight corruption in 2010, signed by 21 Arab countries.

There is no universally accepted definition of an effective compliance program; however, the following graphic can be considered a good representation of what an effective ABC compliance program.



The key aspect is to be proactive and get ahead of ABC compliance as part of any forward-looking business strategy. There are some key considerations/critical success factors that are imperative for those in governance to keep in mind as they oversee ABC compliance program.



#### Ethical culture:

- ▶ Does the organisation periodically assess its ethical culture?
- ▶ Does the performance management and incentive programs create a high-pressure sales culture?
- ▶ Do our front-line employees most exposed to bribery and corruption have a clear understanding of acceptable and unacceptable business practices?
- ▶ Do we have adequate whistleblowing protection mechanisms in place, that allow employees to speak up without the fear of retaliation?
- ▶ Is ethical culture promoted, rewarded, and enforced?



#### Bribery and Corruption Risk Assessment:

- ▶ Is there an inventory of internal and external bribery and corruption risks, including areas prone to commercial bribery?
- ▶ Does the organization map bribery and corruption risks to key controls (both at an entity and process level)?
- ▶ How do we assess the risk of bribery and corruption emanating from third parties, including carrying out enhanced due diligence, wherever necessary?
- ▶ Do we accurately identify third-party intermediaries (entities and individuals that interact with government officials on behalf of the organisation)?



### Control Activities:

- ▶ Are specific actions established by policies and procedures and undertaken by control owners to mitigate the risks of bribery and corruption?
- ▶ Do the policies and procedures include all processes related to interaction with government officials?
- ▶ Does the organisation have a conflict-of-interest policy, and are conflicts declared on an annual basis?
- ▶ In high-risk areas, do we have internal financial controls that act as a critical firewall against potential bribery and corruption violations?
- ▶ Are their specific guidelines established for gifts and entertainment?
- ▶ Is the accounting system set up in a manner so that the payments are appropriately recorded and tracked, including controls around petty cash and employee advances/reimbursements?
- ▶ Do the frontline sales employees get enhanced training and communication on bribery and corruption related red flags?



### Anti-Corruption Monitoring & Investigation

- ▶ Does the organisation understand/know bribery and corruption related red flags?
- ▶ Are there planned ABC compliance audits, including utilising the right to audit clause in contracts with key third parties (distributors, resellers, agents, etc.) to assess compliance?
- ▶ How is data analytics utilised in monitoring? Is the process interactive and intuitive in nature?
- ▶ Is there periodic transaction testing for ABC compliance sensitive accounts?
- ▶ Are there bribery and corruption related trigger events and/or allegations that are not investigated?
- ▶ Is then right investigation team utilized to investigate bribery and corruption related issues?
- ▶ Does the organisation do an in-depth root cause analysis and related mitigation?



The above is by no means an exhaustive list of key considerations/focal points to keep in mind. It is possible to adopt a rules-based approach to the design, implementation, and operating effectiveness of an ABC compliance program. However, the above will certainly help promote consistency and transparency in proactively overseeing to mitigate the risk of bribery and corruption in any organisation.



At BDO, we can help your organisation in enhancing its overall ABC compliance program and mitigating related bribery and corruption risks. We look forward to having a conversation with you about related needs and challenges, if any.

# ABOUT BDO FORENSIC SERVICES

BDO's Forensic practice in UAE is part of BDO's global network of experienced and seasoned forensic professionals experienced in a comprehensive range of matters involving fraud, corruption, accounting irregularities and compliance.

The value of our experience is evident in the questions we ask, the analysis we provide, and the credibility we bring in support of complex, high-stake matters in jurisdictions around the World. We provide a full and comprehensive range of forensic services, including the following:

- ▶ Anti-Bribery and Corruption Due-Diligence
- ▶ Anti-Bribery and Corruption Policy and Procedure Design Assist
- ▶ FCPA/UKBA compliance program reviews
- ▶ FCPA/UKBA related awareness trainings
- ▶ Periodic Compliance Audit
- ▶ Bribery and Corruption Investigations

## CONTACT US:



**Shivendra Jha**

Partner - Head of  
Advisory Service

 Mobile: +97155 572 0269

 [shivendra.jha@bdo.ae](mailto:shivendra.jha@bdo.ae)



**Aakash Bassi**

Forensic Practice  
Leader

 Mobile: + 971 50 185 8925

 [aakash.bassi@bdo.ae](mailto:aakash.bassi@bdo.ae)



This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO Chartered Accountants & Advisors to discuss these matters in the context of your particular circumstances. BDO Chartered Accountants & Advisors, its partners, employees and agents do not accept or assume any liability or duty of care in respect of any use of or reliance on this publication, and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO Chartered Accountants & Advisors or any of its partners, employees or agents.

BDO Chartered Accountants & Advisors, a partnership firm registered in Dubai, is a member of BDO International Limited, a UK Company Limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

© 2021 BDO Chartered Accountants & Advisors. UAE. All rights reserved. Published in the UAE.  
[www.bdo.ae](http://www.bdo.ae)