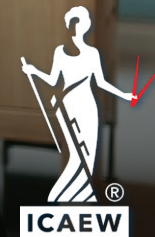


Integrated Mindset in Practice

Professional Accountants in Business and Anti-Corruption Compliance



Integrated Mindset – A Focus on Fighting Corruption

An “integrated mindset” is an approach within companies and by company leadership that considers financial and sustainability-related information about the company as a whole, in an integrated way. This integrated approach to financial and sustainability-related information empowers better-informed decisions that deliver long-term value creation. This delivers financial returns to investors while taking account of value to customers, employees, suppliers, and societal interests.

An integrated mindset extends to all environmental, social, and governance (ESG) issues. This report will help companies—in particular, their professional accountants in business—apply an integrated mindset to anti-corruption oversight and compliance programs, a crucial component of the governance “G” in ESG. Moreover, it highlights that a commitment to an ethical culture is fundamental to an integrated mindset. Corruption evolves and changes constantly, creating risks that go beyond what companies can address internally, such as distorting competition and creating an uneven playing field between competitors. Working toward developing more integrated industry approaches that lift the standards of business integrity at the sectoral or country level through Collective Action ([see p. 11](#), Professional Accountants as Champions of Collective Action) can be an effective way for companies to work toward future-proofing their compliance programs. “whole of business” approach to anti-corruption compliance.



THE REAL COST OF CORRUPTION

Corruption and related economic crimes, including money laundering, bribery, tax evasion and fraud, are significant obstacles to economic growth and equitable, thriving societies—and, ultimately, to achieving the UN Sustainable Development Goals. To quote the [Organisation for Economic Co-operation and Development \(OECD\)](#), “Corruption is a severe impediment to sustainable economic, political, and social progress for countries at all levels of development.” The [UN estimates that USD 5 to 7 trillion worth of annual investment is needed to achieve the UN SDGs. At the same time, the UN also estimates that USD 3.6 trillion is lost to corruption each year.](#)

The global accountancy profession, and its membership of over 3.8 million professionals, have significant influence in the fight against corruption in business partner and advisor roles. As trusted advisors and partners within businesses and the public sector, professional accountants can amplify their influence by taking on the cause of anti-corruption, consciously deploying their skills to mitigate risk and promoting ethical behavior and organizational culture, as supported by the International Ethics Standards Board for Accountants (IESBA) [International Code of Ethics for Professional Accountants \(Including International Independence Standards\)](#).

1 Anti-Corruption Compliance, a “whole of business” responsibility



Everyone working in an organization has a role in creating a robust anti-corruption culture and supporting anti-corruption compliance. It is crucial that the approach to combat corruption is integrated across the organization, recognizing the importance of a positive organizational culture and ethical system in preventing corruption. The role played by professional accountants typically focuses on ensuring that the most appropriate systems, controls, and organizational culture are in place to prevent corruption. Additionally, professional accountants in many jurisdictions are required to respond to non-compliance with laws and regulations (known as NOCLAR), under the provisions of the IESBA Code of Ethics for Professional Accountants, whether working in business or in practice.

Focusing on preventing corruption, rather than investigating after it has occurred, is the most effective way for organizations to protect themselves. Corruption risk assessments identify areas that are most vulnerable to corruption, and serve as a foundation for actions to mitigate risks in business operations. A “design by default” approach means that anti-corruption measures are considered and integrated into the whole lifecycle of activities, from inception to conclusion.



1

Anti-Corruption Compliance, a “whole of business” responsibility

Within an organization, accountants contribute to anti-corruption compliance programs across a number of different roles. Regardless of the function, the relationship with the chief compliance officer and anti-corruption compliance team, where present, will be crucial in supporting an integrated mindset. Some examples may include:



ROLE OF THE FINANCE FUNCTION

Professional accountants must model appropriate behaviors and call out issues they observe. Professional accountants in senior positions in finance may lead on demonstrating commitment from senior management and setting the right “tone at the top”. They will also be involved in designing, developing and enforcing a system of internal controls and practicing good record keeping. Professional accountants in finance are often involved in communication and training staff within the organization on systems and processes, as well as designing policies and procedures and ensuring that these are embedded and enforced. The finance function can champion the anti-corruption agenda by promoting compliance in interactions with other functions and promoting its importance to those working in operational roles. Professional accountants will also contribute to transparency and accountability within the organization by ensuring that there is consistent reporting (see [IFAC's Understanding Anti-Corruption Reporting](#)), ensuring third party compliance with anti-bribery and corruption standards, and articulating these obligations in contracts.



ROLE OF INTERNAL AUDIT

The existence of an internal audit function contributes to transparency and accountability within organizations and acts as a deterrent against intentional wrongdoing. Internal auditors review the design and implementation of internal control systems across the organization (as established by the primary business lines) and may highlight key risk areas as part of its audit plan. For example, procurement and sales are areas particularly vulnerable for corruption risk. Internal auditors may be involved in conducting reviews and evaluations of anti-corruption programs and/or providing assurance over implementation/application of policies, procedures and related controls (this will depend on the internal audit plan for a given year or cycle). In some cases, internal audit may lead cultural audits or contribute to corruption risk assessments, as well as provide assurance over information on the anti-corruption compliance program for the board.



ROLE OF THE BOARD/ AUDIT COMMITTEE

As stated in **Governance of Anti-Corruption Compliance Programs**, the OECD/G20 Principles of Corporate Governance emphasize that the ultimate responsibility for good governance rests with the board of directors. However, the important point is that the governance of anti-corruption compliance must be clearly articulated and working effectively. Many audit committees will be well placed to provide oversight of the anti-corruption program. Most boards will have at least one professional accountant as a member. As board directors, these professional accountants have important influence over the oversight of anti-corruption compliance and can reinforce organizational culture.

1 The Intersection of Fraud and Corruption

Fraud and corruption often go hand-in-hand, and many company policies may deal with both together. While this will be appropriate in many cases, it is also helpful to think about fraud and corruption as two distinct risks, as fraud can occur without corruption, and corruption can occur without fraud.

Under the International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB), fraud is defined as “an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage (ISA 240, *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*).

Corruption is typically defined more broadly. The Basel Institute defines corruption as the abuse, for personal gain, of:

- public office;
- power and influence vested in a person as a result of holding a political office;
- holding an influential role in a corporation;
- having personal wealth or access to significant resources; or
- having elevated social standing.



Personal gain is defined broadly, and corruption can manifest in a wide range of behaviours, such as bribery, conflicts of interest, patronage, nepotism, embezzlement, influence peddling or the manipulation of legislative processes with an ulterior corrupt objective.

CASE STUDY: Why CFOs Should Care (ongoing case)

[Serious Fraud Office charges former CEO and CFO of London Mining Plc with bribery | Serious Fraud Office, UK](#)

In June 2023, the UK Serious Fraud Office charged the CEO and CFO of London Mining Plc with conspiring to make multiple corrupt payments (bribes) to secure preferential treatment for their mining business in Sierra Leone.

London Mining was based in London with operations in multiple countries around the world. The charges related to conduct from 2009-2014 before the company went into administration in 2014.

The defendants have entered not guilty pleas, and the case is currently scheduled to go to trial in 2025. Although this case alleges intentional behaviour, negligent or reckless failures to oversee anti-bribery and broader anti-corruption activities can have serious negative consequences for a business and the individuals involved.

When commenting on the case, the Director of the Serious Fraud Office highlighted the UK’s focus on bringing corrupt actors to justice: “*International bribery and corruption have a devastating impact on local communities and the stability of global supply chains. We are committed to holding company executives to account, delivering justice for these communities and protecting the UK’s reputation.*”



1 Key Red Flags

While many of the key red flags for corruption are similar to those for fraud, it is important to think about corruption and fraud as distinct risks in order to best mitigate against both.



Unreasonable expense invoices: this could indicate a method used to embezzle funds from the organization, if the invoices are fictitious or falsified. If the invoices are paid to a supplier this could indicate collusion between a supplier and an employee and indicate a kickback is being paid to a staff member.



Undocumented or unusual travel and expenses: this could indicate a method used to embezzle funds from the organization, by creating falsified expense claims for reimbursement for travel that did not take place or for which the claim was overstated.



Inappropriate purchases: this could indicate that purchases are being made from a supplier based on a personal or family connection or in exchange for a bribe or kickback, or as a result of pressure being exerted on a staff member.



Unusual suppliers: this could indicate that corruption has occurred in the tendering process and that a supplier has been selected due to a personal connection with a staff member, in exchange for a bribe or kickback or as a result of threats or pressure being exerted. It could also be the case that the suppliers do not really exist and have been set up to embezzle funds from the organization—highlighting the importance of conducting due diligence.

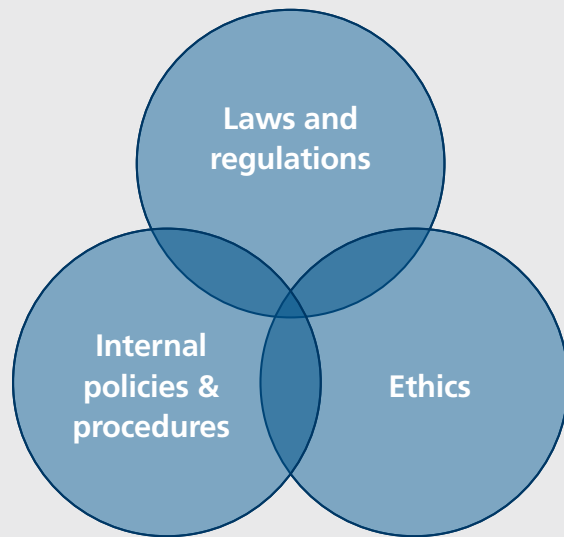


Repeated use of unqualified or low-quality service providers: this too could indicate a service provider has been selected based on a personal or family connection or in exchange for a bribe or kickback, or as a result of pressure being exerted on a staff member.

For a comprehensive discussion of key red flags, see the Basel Institute on Governance's [A Guide for Anti-Corruption Risk Assessment](#).

2 Anti-Corruption Compliance Program Contents

Compliance is a specialist discipline that is best managed on an enterprise-wide basis. Ideally, compliance is a structured program that operates at all levels of the organization. However, companies need flexibility to adopt and adapt what works best given their size, risks, business model, strategy, sector, and within the laws and regulations that apply to them.



Practical elements of an effective anti-bribery and corruption (ABC) Compliance program:

- ➔ **Accounting controls** over expense declarations, gifts and sponsoring, agents payments, and payments to / from risky countries
- ➔ **Commitment** from senior management and an articulated policy against corruption
- ➔ Strong company-specific **corruption risk assessment**
- ➔ Written compliance **procedures**, in the form of a **general code of conduct** and specific **anti-corruption compliance policies and procedures**
- ➔ Appropriate **oversight, autonomy, and devotion** of resources to anti-corruption compliance
- ➔ Periodic **awareness and training** and continuous **advice** to staff
- ➔ Positive **incentives** and **publicized disciplinary** measures
- ➔ Risk-based **third-party due diligence**
- ➔ **Ongoing review and assessment** of the efficacy of compliance procedures and related **internal controls**
- ➔ **Confidential incident and breach reporting** and internal **investigation**
- ➔ **Consequence management** for identified incidents
- ➔ **Continuous improvement** across all areas of compliance and risk assessment

Core policies to consider and implement

- Overarching compliance framework
- Anti-corruption policy, Anti-fraud policy, Anti-money laundering policy
- Conflicts of Interest policy
- Whistleblowing (protected disclosure) policy, including protection against retaliation
- Procurement policy
- Gift, hospitality & entertainment policy
- Donations policy covering political and charitable donations, as well as sponsorships
- Internal investigations policy

3 Governance of Anti-Corruption Compliance Programs

The OECD/G20 Principles of Corporate Governance set the global benchmark for corporate governance best practice, and effective anti-corruption compliance is a core part of good corporate governance.

“ Companies are also well advised to establish and ensure the effectiveness of internal controls, ethics, and compliance programmes or measures to comply with applicable laws, regulations and standards, including statutes criminalising the bribery of foreign public officials, as required under the OECD Anti-Bribery Convention, and other forms of bribery and corruption. ”
(V.D.8)

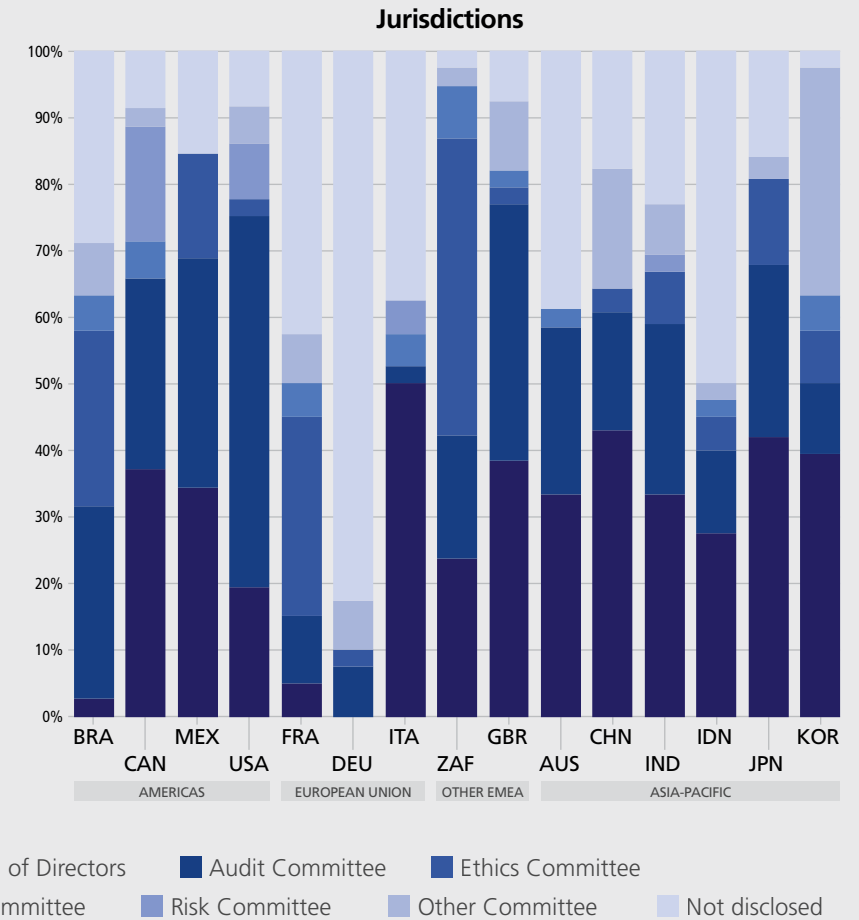
The OECD/G20 Principles of Corporate Governance emphasize that the ultimate responsibility for good governance rests with the board. The Principles also suggest that Boards:

“ Consider setting up specialised committees to support the full board in performing its functions... depending upon the company’s size, structure, complexity and risk profile. Their mandate, composition and working procedures should be well defined and disclosed by the board which retains full responsibility for the decisions taken. ”
(V.E.2)

CORPORATE GOVERNANCE OF ANTI-CORRUPTION

No consistent approach has emerged across companies or jurisdictions in terms of how anti-corruption compliance is governed. Many companies allocate responsibility directly to the full board or to one of its subcommittees: the audit, risk, ethics, or corporate governance committee.

The important point is that governance for anti-corruption compliance is appropriate for the company, clearly articulated, effective, and leads to high-quality, decision useful information that can be considered with an integrated mindset. Ultimate responsibility and accountability rests with the board and cannot be delegated away (see next report section).



4 Reporting on Anti-Corruption Compliance Programs

High-quality information—both financial and sustainability-related—is the foundation of an integrated mindset. In order for an integrated mindset to fully encompass anti-corruption and other governance issues, these topics need to be captured in decision-useful information—both for internal management purposes as well as to communicate to investors and other stakeholders. The OECD Corporate Governance Principles provide that, **“In order to fulfill their responsibilities, board members should have access to accurate, relevant and timely information.”** (V.F)

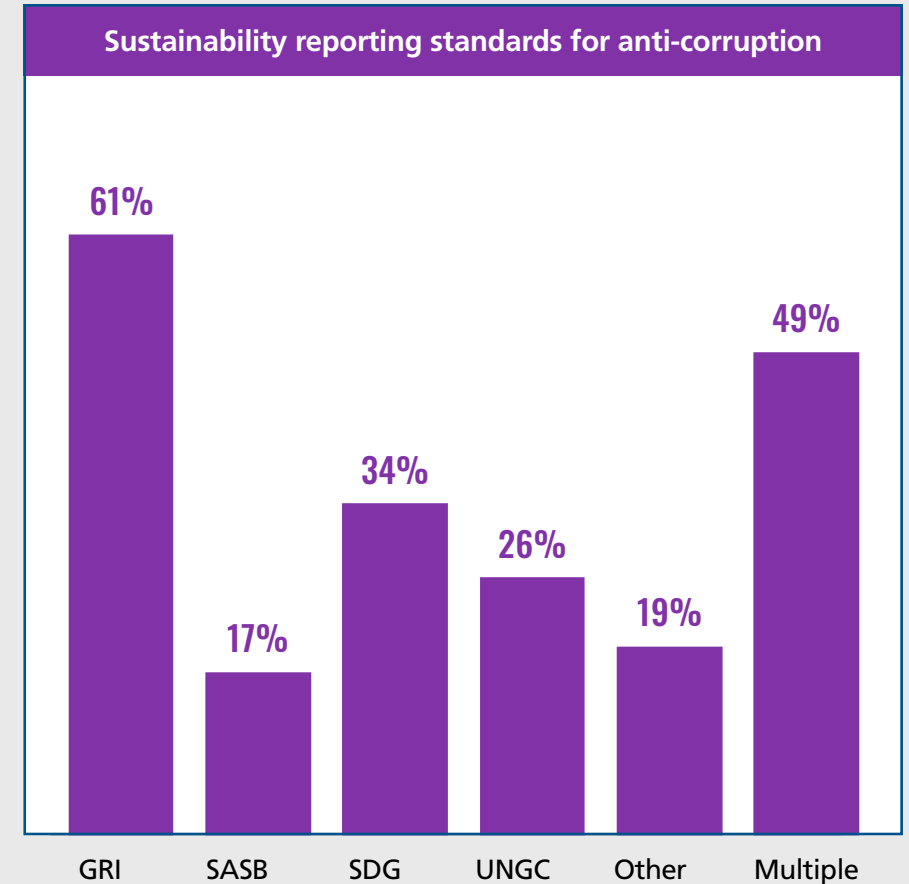
In order to be useful for decision-making, information must be relevant, reliable, and comparable. Such high-quality information, in turn, depends on high-quality standards for reporting and high-quality assurance, supported by the appropriate skills and capacity across an organization.



STANDARDS

As of 2021, 95% of the largest companies worldwide disclosed anti-corruption compliance information. Of these, 68% used either standards and frameworks issued by the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), or both, to make these disclosures. These standards provide the basis for high-quality information and best support an integrated mindset. Looking forward, the European Sustainability Reporting Standards (ESRS) will become mandatory in European Union jurisdictions for reporting in 2025. The ESRS standards include G2 Business Conduct, which addresses a wide range of anti-corruption issues. The ISSB disclosure standards do not specifically address corruption. Instead, the standards direct entities to consider disclosure topics in the SASB Standards, including business ethics which covers fraud, corruption, and bribery.

Data from 2021 reporting year as featured in [Understanding Anti-Corruption Reporting](#).



4 Reporting on Anti-Corruption Compliance Programs

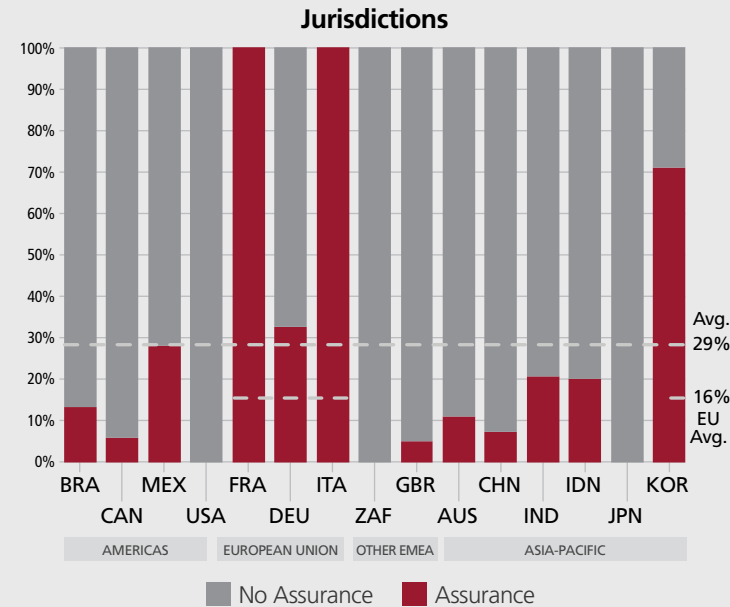
ASSURANCE

Assurance engagements enhance credibility and trust in sustainability disclosure, including those related to anti-corruption compliance measures. These engagements rely on:

- The development of an effective, [integrated internal control](#) environment to establish robust data collection processes and controls over sustainability information.
- The use of high-quality assurance standards issued by the IAASB and applied by professional accountants in compliance with quality standards management and an ethical framework.

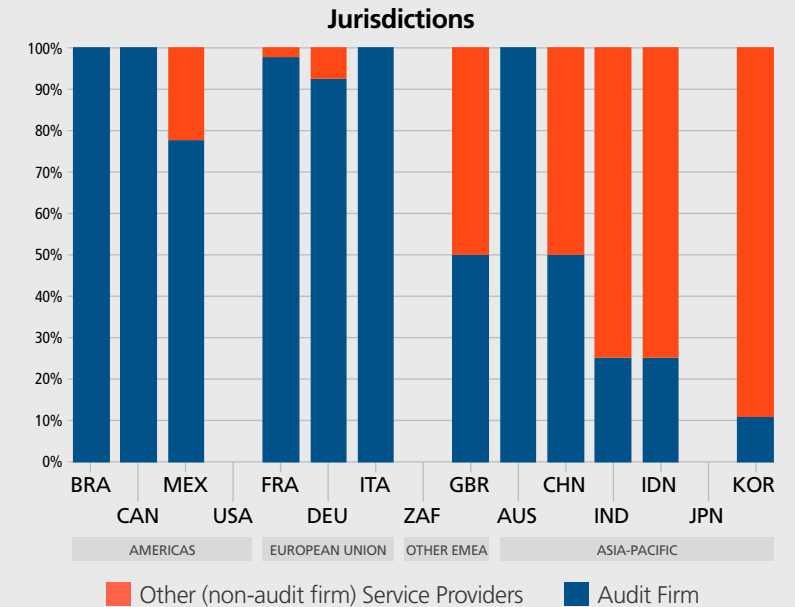


ANTI-CORRUPTION ASSURANCE RATE



Despite the importance of high-quality assurance, rates for external assurance over anti-corruption reporting are low, with only 29% of large, listed companies that report anti-corruption information obtaining external assurance over that reporting. This significantly lags behind other ESG topics and requires improvement.

PROVIDER OF ANTI-CORRUPTION ASSURANCE



The most common type of assurance provider varies across jurisdictions. In countries like Australia, Brazil, Canada, France, Germany and Italy, all or nearly all of the anti-corruption assurance engagements are performed by audit firms. In China, India, Indonesia, South Korea, and the UK, half or fewer of anti-corruption assurance engagements are performed by audit firms.

Professional Accountants as Champions of Collective Action

The World Bank Institute Guide defines Collective Action as follows (2008):

“ Collective Action is a collaborative and sustained process of cooperation between stakeholders. It increases the impact and credibility of individual action, brings vulnerable individual players into an alliance of like-minded organizations, and levels the playing field between competitors. Collective Action can complement or temporarily substitute for and strengthen weak local laws and anti-corruption practices.” (p 4).

Free advice service on Collective Action

Ask our team a question about any aspect of anti-corruption Collective Action and get free advice within 10 days



Interested to find out more or get involved?

If you have any questions or are interested in finding out more get in touch through the [Basel Institute helpdesk](#) or directly with [their team](#).

Collective Action against corruption: A tool for companies to future-proof their Compliance programmes

Anti-corruption Collective Action takes many forms. At its heart, it is about bringing businesses and other stakeholders together to tackle shared problems of corruption. Collective Action initiatives and tools can help to raise integrity standards in an industry or market; develop self-regulatory standards for specific sectors; solve systemic issues related to corporate bribery and corruption; and enhance fair competition and level the playing field between competitors.

Looking beyond the confines of your organization and collaborating with others on overarching issues such as corruption can be beneficial in several ways. It can help organizations better understand their risks and learn from others, as well as allow leadership to demonstrate their external commitment to their standards and values.

Anti-corruption Collective Action is such an approach that facilitates this kind of collaboration and has been championed by international standard-setting institutions, such as the World Bank, the OECD, and the UN, as a best practice for companies to address their corruption risks more effectively. So what, do we mean by anti-corruption Collective Action?

Introducing the Basel Institute and Collective Action

The Basel Institute on Governance is an independent not-for-profit organization dedicated to countering corruption and improving standards of governance. Headquartered in Basel, Switzerland, the Institute has worked worldwide with the public and private sectors and civil society on a holistic and multi-stakeholder approach to addressing corruption and promoting good governance standards for over 20 years. Strengthening business integrity through a multi-stakeholder Collective Action approach is a core component of the Institute's work. The Basel Institute also hosts the [B20 Collective Action Hub](#), a global resource center that includes a database of more than 300 Collective Action initiatives from around the world and a multitude of guidance and resources for organizations interested in engaging in anti-corruption Collective Action.

B20 & ANTI-CORRUPTION
B20 and anti-corruption
 B20-G20 dialogues on integrity and anti-corruption over the years, and how to enhance their effectiveness



5 Professional Accountants as Champions of Collective Action

CASE STUDY: The Thai Collective Action Against Corruption Initiative

Strengthening Business Integrity in Thailand through a voluntary certification process developed by and for the private sector.

The Thai Collective Action Against Corruption (CAC) was founded in 2010 as a platform for companies in Thailand to tackle corruption voluntarily through Collective Action. It was co-founded by the country's eight leading organizations in the private sector: The Thai Chamber of Commerce, Joint Foreign Chambers of Commerce in Thailand, Thai Listed Companies Association, Federation of Thai Industries, Federation of Thai Capital Market Organizations, Thai Bankers' Association, Tourism Council of Thailand, and the Thai Institute of Directors Association, which takes a leading role in driving the initiative. To date, more than 1,400 major companies in Thailand are signatories, 500 of which have been certified by the Thai CAC.

[View The Thai Collective website](#) 

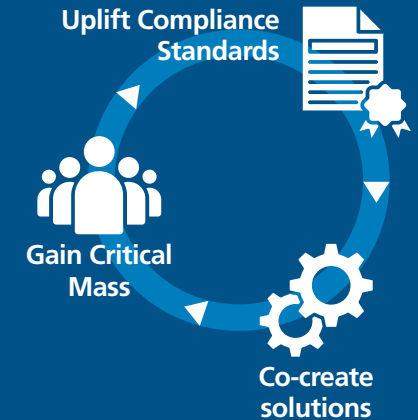
The initiative leverages its vast membership, which covers the majority of key players in each industry that are willing to demonstrate their commitment to clean business practices through an external and verifiable certification process. These members work toward aligned standards for business and reduce the space for and acceptance of corrupt practices toward a fairer and more equitable business environment. To date, all of Thailand's commercial banks have gone through the Thai CAC's certification process, and numerous insurance, brokering, asset management, pharmaceuticals and marketing companies have become signatories. The Thai CAC is now one of the largest Collective Action initiatives in the world by membership.

Initiative members go through a rigorous pre-assessment and guided alignment process with the Thai CAC standards before they are subject to regular independent audits and external monitoring processes in order to ensure compliance and enforcement.

Use social pressure and technology as a catalyst for change

Drive change through leadership commitment and constructiveness

Support public and private partnership for structural shift



As this initiative is private sector and member driven it is able to respond to needs as they arise in real-time within the business community. This approach has led for example to the development of an innovative approach to work toward including small- and medium-sized entities (SMEs)—focusing on the members' supply chains—which make up 99% of the economy and, as such, are crucial to sustainably affecting the business environment.

Learn more about why SMEs are engaging with the initiative on the [Basel website](#).

6 Key Takeaways for the Accountancy Profession



As educators and partners of millions of professional accountants worldwide, professional accountancy organizations have an important role to play in ensuring that their members fully embrace their role in the fight against corruption. They can do so by encouraging their members to:

Recognize themselves as key anti-corruption stakeholders: regardless of function or seniority, embrace their unique position within and as advisers to businesses to be anti-corruption leaders, and do their part in setting the tone for ethical culture.

Support integrated thinking across their organizations, ensuring that high-quality information regarding anti-corruption compliance is available, appropriately disclosed, and integrated into organizational decision making.

Be champions of Collective Action, exploring opportunities for Collective Action within their jurisdiction and sector, and raising these for consideration within their team or with leadership, as appropriate.

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