

STRENGTHENING GRC THROUGH INTEGRITY: BENEFIT OF IMPLEMENTING AN ANTI-BRIBERY MANAGEMENT SYSTEM

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Corruption is a serious impediment to Indonesia's development.

One reason for moderate pace of reform, often, acts of bribery or corruption are not viewed as corrupt practices.

**United Nations Office
on Drugs & Crime**

General Citizen Perception

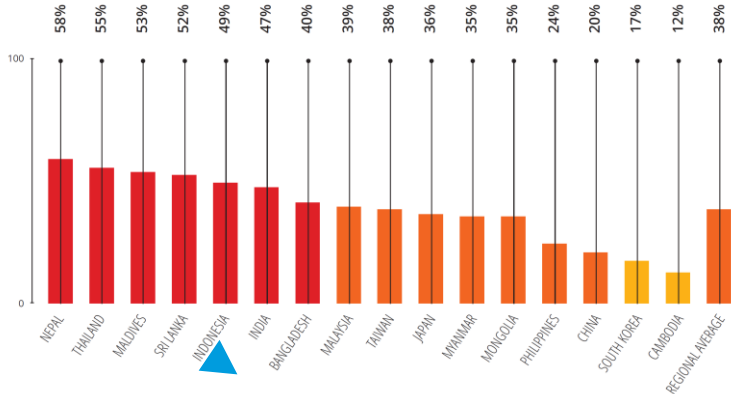


CONDUCTED FROM
MAR 2019 - SEPT 2020

GLOBAL CORRUPTION BAROMETER
ASIA 2020

CITIZENS' VIEWS AND EXPERIENCES OF CORRUPTION

Percentage of people who think corruption increased in the previous 12 months.



INDONESIA

- 92%** Think government corruption is a big problem
- 30%** Paid a bribe for public services in the previous 12 months*
- 36%** Used personal connections for public services in the previous 12 months*
- 26%** Offered bribes in exchange for votes
- 18%** Experienced sextortion or know someone who has

*Based on people who used these public services in the previous 12 months.

Source: Asia - Transparency.org



HAVE CORRUPTION LEVELS CHANGED IN THE PREVIOUS 12 MONTHS?

Increased	49%
Decreased	15%
Stayed the same	33%
Don't know	3%



CORRUPTION BY INSTITUTION*

*Percentage who think that most or all people in these institutions are corrupt.

Members of Parliament	51%
Government officials	45%
Local government officials	48%
Police	33%
Judges and magistrates	24%
Religious leaders	7%
NGOs	19%
Business executives	25%
Bankers	17%
Army leaders	8%

Professionals' Perception

RSM's 2020 Fraud Special Report: Implications of Covid-19 on Fraud Risk

Fraud is a knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment (Black's Law Dictionary)

Consequently, fraud includes any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means.

Source: [Fraud Special Report | RSM Indonesia](#)

KEY FINDINGS



80% stated that **fraud** occurrence has **increased during the pandemic**

35% confirmed that **ASSET MISAPPROPRIATION** has **occurred** in their organization **during the pandemic**



56% believe that their organization's revenue would be affected the most by the pandemic



70% of the fraud perpetrators are in the age range of **30 - 39 years old**

INITIAL DETECTION OF FRAUD



53% Internal Audit

29% Whistleblowing Channel

32%



EMAIL is the formal reporting mechanism most often used by whistleblowers

20%

stated that their organization **does not have any formal violation reporting mechanism**



52% stated that fear of bad publicity is the main reason why organizations reluctant to report fraud cases to the law enforcement

AREA THAT POSES GREATEST RISK FOR FRAUD

49%

Procurement

25%

Finance & Accounting

46%

stated that middle level management were the ones who committed fraud

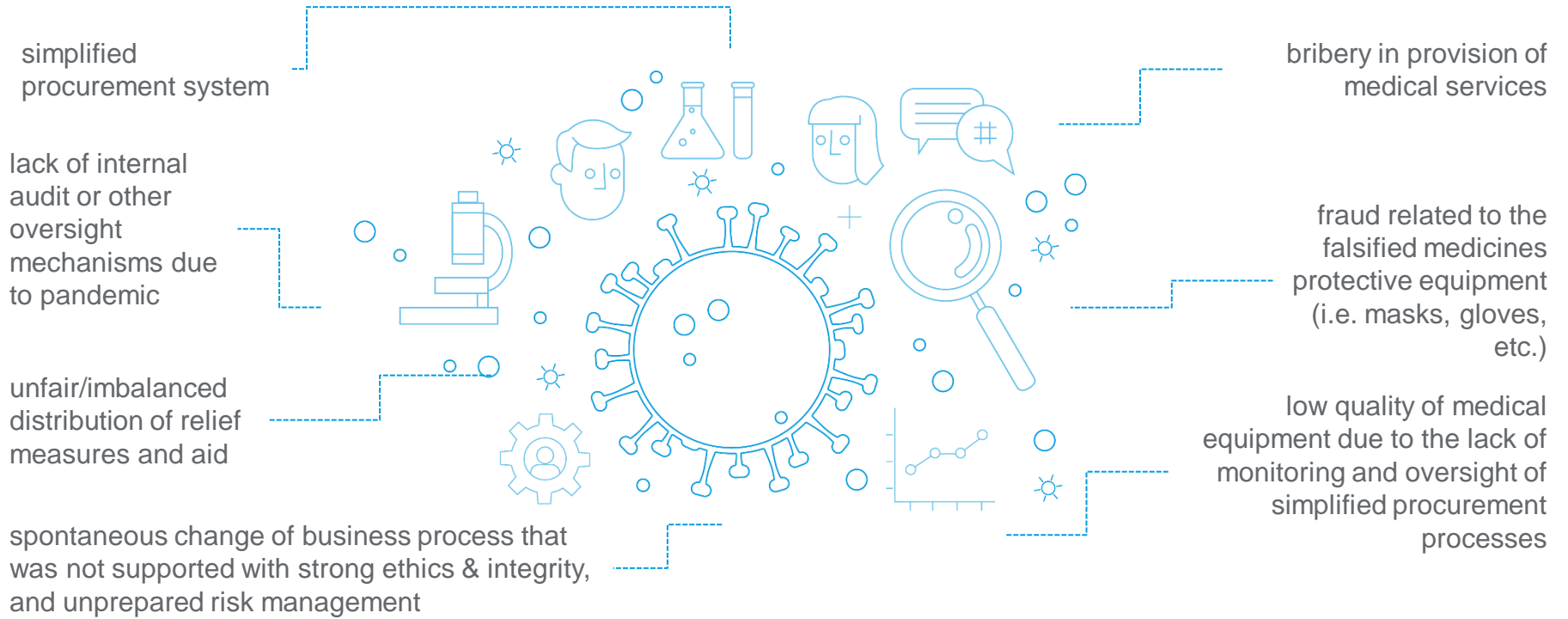


31%

believe that human resources function faced challenges in managing and balancing productivity with health & safety

This infographic is part of RSM Indonesia Report on Implication of Covid-19 Pandemic on Fraud Risk. Full report is downloadable at www.rsm.id

Covid-19 pandemic seriously increases risks of corruption, bribery and fraud in the public and private sector.



Being able to reliably achieve objectives while addressing uncertainty and acting with integrity.

Governance, risk and compliance (GRC) is the collection of capabilities that enable an organization to reliably achieve objectives, address uncertainty and act with integrity.



Governance



Risk



Ethics &
Compliance



Finance



Technology



Audit



Legal



Core
Process

Taking an integrated approach to how you govern and manage performance, risk and compliance is key.

THE PROBLEM

Even a company with a world-class risk management system will come up against bribery risk.

WHY IT HAPPENS

Even if company does envision them, it may be unwilling to invest in the capabilities and resources to cope with them because they perceived as unlikely.

THE SOLUTION

Recognise bribery risk by being alert for anomalies, strengthen ethics and integrity and make it a culture; make sure that internal control system are robust and strengthen whistleblowing mechanism.



Implementing an anti-bribery management system shows that your organisation is **committed to integrity** and can be a trustworthy and reliable partner.

ISO 37001: Anti-bribery management systems

The standard requires organizations to develop systems to address both public and private bribery, active and passive bribery, direct and indirect bribery and facilitation payments.

The implementation of an anti-bribery management system contributes to a culture of integrity and transparency.

It also ensures the protection of whistleblowers, making it more likely that issues are detected before the damage has been done.



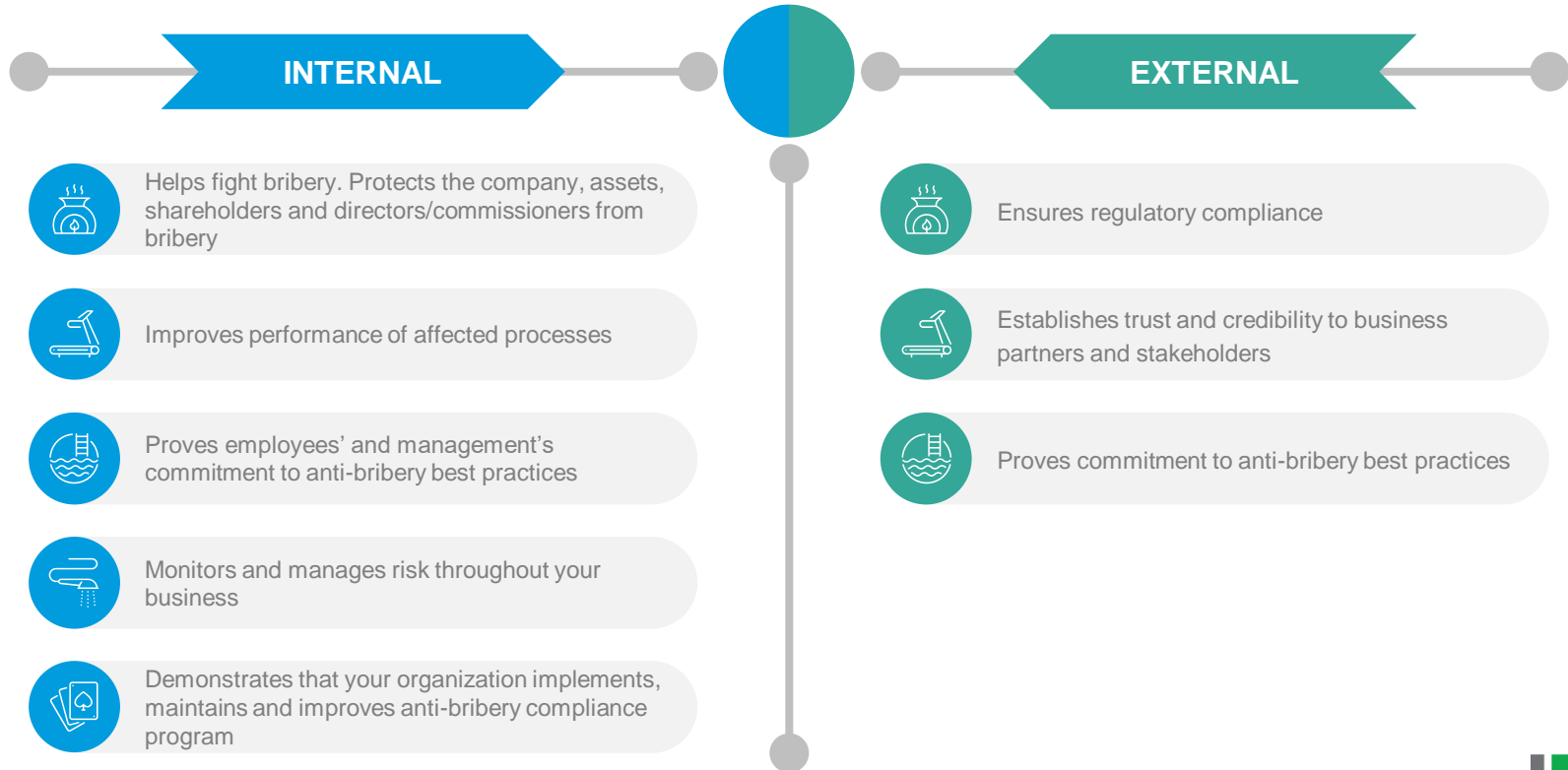
To comply, organization must implement a series of measures and controls in a reasonable and proportionate manner to help prevent, detect, and deal with bribery.

An anti-bribery policy that prohibits bribery | The expression of leadership commitment and responsibility | Communication of the policy directly to both personnel and business associates | Appointment of a person or function to oversee the program | Personnel controls and training | Regular assessments of the bribery risk to which the organization is exposed | Due diligence on projects and business associates | Implementation of anti-bribery controls by controlled organizations and by business associations | Implementation of appropriate financial and non-financial controls to prevent the bribery risk | Reporting, monitoring, investigating, and auditing | Corrective action and continual improvement

"Bribery" is specifically defined by the various laws and regulations that are applicable to an organization. ISO 37001 generally defines bribery as: offering, promising, giving, accepting or soliciting of an undue advantage of any value, directly or indirectly, and irrespective of location(s), in violation of applicable law, as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person's duties.

BENEFIT OF IMPLEMENTING ANTI FRAUD MANAGEMENT SYSTEM

BUILDING ETHICS AND INTEGRITY – STRENGTHENING GOVERNANCE RISK COMPLIANCE SYSTEM





There is no regulation that can make organizations immune from bribery. However, organizations should take all possible measures to prevent it from occurring.

And remember that having a system, is not the same as implementing it.

Tips to pursue compliance

CONDUCTING AN INTERNAL ASSESMENT

This is an important step, because it analyzes existing anti-fraud policies, procedures and practices against standards prescribed in ISO 37001. This exercise—when coupled with bribery risk assessment will reveal any alignment gaps or critical areas of nonconformance. While this assessment can be performed by internal staff, the better choice may be a qualified third party.



MAKING NEEDED CHANGES

After the internal assessment, leaders can use the findings to inform a corrective action plan. If done well, this plan should detail priorities, schedules and project owners for each identified change, with each action tied to how it addresses ISO gaps or non-conformances. This activity is all directed toward successful creation of an anti-bribery management system.

MAINTAINING & CONTINUING

This is the most challenging part of the journey. Do not just set and forget. Organization need to ensure that the system is implemented consistently and periodically reviewed to ensure that it is still relevant to the organization and business processes. This is the actual demonstration of commitment and oversight.



AUDITING SYSTEM FOR REVIEW

Once an organization has aligned its processes with the ISO standard, a qualified outside auditor should be engaged to determine if the revised controls are “reasonable, proportionate and risk based.” Provided the audits demonstrate that the company has successfully achieved compliance, an ISO 37001 certification can be independently confirmed.



Disruption should not be an excuse to disregard the importance of a sound governance, risk, and controls.

Empower the leaders in your organization by giving them insights on what could go wrong so that proper measures could take place.

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THANK YOU FOR
YOUR TIME AND
ATTENTION