THE AMERICAN ANTI-CORRUPTION INSTITUTE

ANTI-CORRUPTION TONE AT THE TOP: CHECKLIST

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This document is a part of The AACI series of anti-corruption resources[1]. The contents of this document constitute an integral part of the CACM Review textbook that would be available in countries where the CACM will only be offered by exam.

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[1] This document and its contents do not constitute a legal or professional advice. For professional advice, one should seek appropriate professionals or expert houses. The AACI provides professional services worldwide. The primary objective of this document is providing helpful guidelines to those charged with governance (decision makers) to address specific issues directly related to corruption prevention policy that they may have it implemented in their organization. An organization could be a for-profit, not-for-profit, or governmental entity.

Set the Proper Tone at the Top[2]

Executive management and those charged with governance should unequivocally make it clear to employees and stakeholders that they will not tolerate corruption. Their deeds should always support their assertions regarding corruption averse business practices. Otherwise, corruption will hit somewhere in the organization's operations sooner or later. Executive management and those charged with governance should ensure that the organization[3]:

(a) Implements efficiently a current and effective systems of internal control
(b) Adopts and implements anti-corruption policy
(c) Instills good governances practices in its management, decision-making processes, and operations

The board of directors should be financially literate. They should have proper oversight of the organization's business conduct and its corruption averse environment. They should also listen to executive management and employees and discuss with them their concerns about fraud and corruption that may exist in the organization. Their engagement would lessen the chief executive officer dominance of the board (if any). The board members are expected to know what business they oversee and make surprise visits to major operational facilities. Such visits will provide them with invaluable first-hand information about several aspects of the organization's business.

The audit committee's mandate, structure and qualifications of its members would directly affect its deterrence effect. As it is the conduit between the organization's monitoring departments and the board, its effectiveness has a paramount impact on the organization's corruption deterrence environment. Because the board may have executive members, executive management should always lead by example. They should reiterate their commitment to integrity and ethical business values at business meetings with managers and employees. They should make such commitment present and visible enough on the organization newsletters, website, blogs, and social media.

Anti-Corruption By Results

Tone at the top has leadership, business, and management facets. The easiest part is to establish and adopt cutting edge systems, policies, and procedures. The challenging, but rewarding, one is living these systems by every member of the organization. Those charged with governance and executive management should always set the example in abiding by these systems and policies. It would be the strongest message to all stakeholders: fraud and corruption are not acceptable or tolerable irrespective of the identity of the perpetrator.

An effective tone at the top also means prevailing financial intelligence at the top. This means that board members and executive management should possess the minimum knowledge and skills of internal control, good governance practices, anti-corruption, decision making, accounting, and auditing. Otherwise, a proper tone at the top would not achieve any tangible results and would be misleading.

While the late Peter Drucker invented the concept of "management by results (MBO)," we believe that a proper anti-corruption tone at the top should always thrive to implement what we

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call " Anti-Corruption By Results." Anti-corruption slogans may work for awhile, but real results make those slogans compelling, persuasive, and living in the hearts and minds of the target audience.

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[2] This is part what is thoroughly discussed in Part 1(C): Fraud and Corruption Deterrence - For- Profit Organizations. Read more at http://theaaci.com/anti-corruption-resources-series.html

[3] This is not an exhaustive list. It depends on the business legal form, size, complexity of operations, among other things.