

Anti-corruption practices survey 2011  
Cloudy with a chance of prosecution?



# Executive summary

Companies have increased their focus on preventing and detecting corrupt activities in their global operations in response to the increase in prosecutions under the U.S. Foreign Corrupt Practices Act (FCPA) and the increased size of penalties. Yet, only 29 percent of the 276 executives surveyed by the Deloitte Forensic Center (“Deloitte”) were very confident their company’s anti-corruption program would prevent or detect corrupt activities. This low level of confidence indicates that many companies may need to evaluate and upgrade their anti-corruption efforts.

Having an effective anti-corruption program is more important for companies today than ever before. The number of FCPA-related enforcement actions and the size of penalties have increased dramatically over the last several years, affecting companies from all around the world. The July 1, 2011 start of enforcement of the UK Bribery Act of 2010 is leading many companies to re-evaluate their anti-corruption efforts - even companies that have extensive policies and procedures to comply with legislation such as the FCPA. Any entity that does business in the United Kingdom is subject to the UK Bribery Act and its extraterritorial reach applying to the entity’s activities worldwide. The Act covers not only bribery of foreign government officials but also domestic bribery of government officials and any commercial bribery as well. Unlike the FCPA, the UK Bribery Act has no exemption for facilitation payments.

Although relatively few executives were very confident about the effectiveness of their anti-corruption programs, almost 90 percent said their company had an anti-corruption policy. Also, at most companies these policies covered a wide range of potentially corrupt activities including bribes (91 percent), gifts to foreign government officials (85 percent), expenses related to government business/government relations (75 percent), facilitating payments (74 percent), and political contributions (73 percent), among others.

Since most companies have policies that seek to address the common forms of corrupt activities, why are so few executives very confident in the effectiveness of their company’s program? Although each company has a unique situation, given its business procedures and operational profile, the survey suggests several areas where many companies may have deficiencies in their anti-corruption programs.

## **Lack of stand-alone anti-corruption policies**

Only 45 percent of the companies surveyed had a stand-alone anti-corruption policy while the remaining companies had a policy that was part of a broader code of conduct. In Deloitte’s experience anti-corruption issues may not receive adequate attention unless they are addressed by a policy specifically focused on corruption.

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### **Infrequent anti-corruption audits**

Although roughly 80 percent of executives said their company conducted internal audits of its foreign operations to identify corrupt activity, only 32 percent said these audits were conducted annually or more often. Also, Deloitte has found some companies rely on their standard internal audits, which may not be sufficient. Companies should consider conducting procedures specifically designed to identify corrupt activity.

### **Lack of consistent due diligence and monitoring of third parties**

The activities of third parties were seen as the greatest source of corruption risk, considered to be a significant risk by 52 percent of executives. Similarly, 43 percent of executives considered identifying and managing third-party relationships to be a significant challenge, more than for any other issue. Despite these concerns, only 41 percent of executives said their company regularly conducted due diligence on third parties in foreign countries that interact with foreign government officials and just 9 percent said they conducted very detailed monitoring of third parties to ensure they comply with the company's anti-corruption requirements. Further, when conducting anti-corruption internal audits, only 50 percent of executives said their company's audits covered foreign sales agents and roughly 40 percent said they covered foreign distributors and foreign consultants.

### **Increased corruption risk in emerging markets**

Global companies face a greater potential for corrupt activities as they expand into major emerging markets, such as Brazil, Russia, India, and China (BRIC countries). Fifty-five percent of executives said their company was extremely concerned about the potential impact on their business of corruption in China, while 43 percent said the same about Russia, 39 percent about India, and 26 percent about Brazil. Further, these concerns are growing. Half of the executives said their company was more concerned today about corruption risk in China than it was three years ago, while 42 percent of executives said their concerns had grown in India, 38 percent in Russia, and 33 percent in Brazil.

Although most companies have anti-corruption policies and programs, few executives are very confident in their effectiveness. At many companies, more work may need to be done to develop stand-alone anti-corruption policies, regularly conduct special anti-corruption audits, perform due diligence on and monitor third parties, and manage the increased corruption risk in major emerging markets. Companies that evaluate the strengths and weakness of their anti-corruption programs and take steps to address their deficiencies can reap substantial benefits by reducing the likelihood of being the subject of a prosecution, avoiding the resulting cost of penalties and litigation, and safeguarding their reputation.

# Introduction

Achieving compliance with the FCPA and similar anti-corruption legislative requirements has become an increasing concern for companies that operate globally. Deloitte surveyed 276 executives to assess how companies are managing their efforts to prevent corrupt practices in their operations around the world and ensure compliance with legislative requirements.

## **Growing focus on corrupt activities**

The FCPA makes it illegal for a U.S. citizen, a U.S.-based or U.S.-listed company, or foreign persons acting in the U.S., to attempt to bribe foreign officials (including making gifts or charitable contributions) with the goal of gaining a business advantage. It is also illegal for a company to use an agent or a third party to make or offer such a prohibited payment.

Prosecutions and fines under the FCPA have increased dramatically in recent years. While in 2004 the U.S. Department of Justice (DOJ) and Securities and Exchange Commission (SEC) had only five enforcement actions, that number rose to 40 actions in 2009 and 74 in 2010. The size of penalties has also increased. Eight of the ten largest FCPA-related settlements occurred in 2010 with penalties ranging from US\$56 million to US\$800 million<sup>1</sup>. The DOJ is now enforcing FCPA requirements more vigorously, including using sting operations such as those traditionally used in federal drug busts and organized crime prosecutions.

The increased focus on preventing corrupt activities is not confined to the United States. The UK Bribery Act of 2010, effective on July 1, 2011, expands the criminality of bribery beyond acts involving government officials to include bribery between private entities. It also covers bribery that takes place anywhere in the world, including domestically. Finally, unlike the FCPA, the UK Bribery Act does not provide an exemption for facilitation payments.

The UK Bribery Act applies to all companies, including U.S. companies, that do business in the United Kingdom, and many believe the U.S. DOJ will align with many of the guidelines and principles in the UK legislation. Given these significant new provisions, companies will likely need to re-evaluate their anti-corruption programs and compare them with the official guidance provided for the UK Bribery Act.

## **Importance of an effective anti-corruption program**

According to the DOJ, companies implementing effective anti-corruption programs are much less likely to incur substantial penalties levied for FCPA violations. In addition, the costs to companies of investigating and defending FCPA allegations can be significant. Investigation costs can often run into the tens of millions of dollars based on the size of the matter. The investigative costs are generally driven by the need to

<sup>1</sup>2010 Year-End FCPA Update, Gibson Dunn

review huge volumes of electronic documents, both at the company and at third parties, as well as by the need in many cases to investigate activities over several years and in countries beyond the original country in question.

When a corruption case is settled, regulators may appoint a monitor to oversee the company's compliance activities, which have been revised to address the deficiency. The government selects the monitor, typically a private lawyer, but the company bears the cost, which in Deloitte's experience, can easily total millions of dollars or more.

If a company can demonstrate to the SEC and the DOJ that it has a robust compliance program and responded appropriately once it discovered the corrupt activity, the government will sometimes simply close their file without bringing a case.

In addition to these direct financial benefits, companies gain a less easily quantifiable, but potentially even more valuable dividend. Companies with a strong program designed to prevent corrupt activities among its employees and third parties may avoid the potential damage to their reputation and disruption to their business if such acts were to occur and become widely known.

# Anti-corruption policies

An effective anti-corruption policy provides the foundation of a company's efforts to detect and prevent corrupt activities. Almost 90 percent of the executives said their company had an anti-corruption policy. Yet, only 45 percent had a stand-alone policy specifically focused on anti-corruption compliance, while the remaining 43 percent said their policy was part of a broader code of conduct. In Deloitte's experience, anti-corruption issues may not receive adequate attention when they are a component in a broader policy. Instead, they tend to receive more detailed treatment when addressed in a stand-alone policy.

Given the potential impact of FCPA violations, boards of directors have an important role in overseeing anti-corruption programs. Eighty percent of executives said their board of directors received updates on the status of their anti-corruption compliance program, and roughly two-thirds said that they received updates annually or more often. However, 32 percent of executives from smaller companies (with less than US\$1 billion in annual revenues) said their board of directors did not receive any updates on their compliance programs<sup>2</sup>.

Anti-corruption policies covered a broad range of activities, with bribes (91 percent) and gifts to foreign government officials (85 percent) cited most often. (See Figure 1.) Smaller companies were almost four times more likely (23 percent) than larger companies

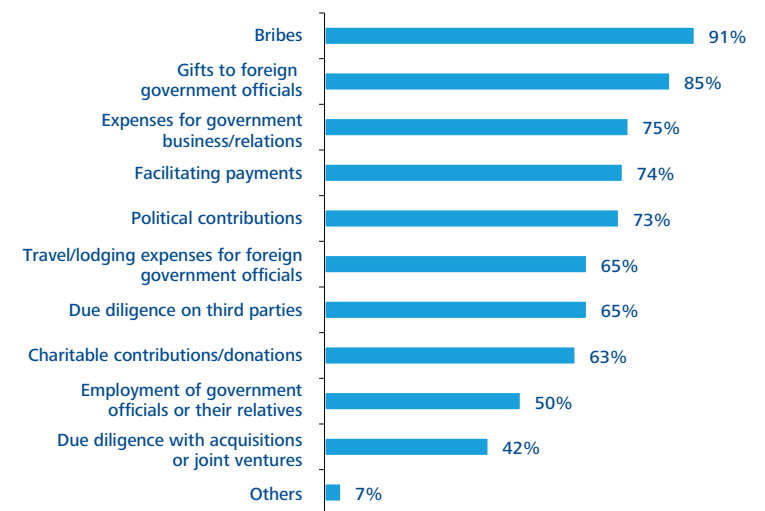
(6 percent) to have no written policy addressing anti-corruption and the plans at larger companies tended to cover more issues than those at smaller companies:

- Gifts to government officials: 93 percent at larger companies; 72 percent at smaller companies
- Facilitating payments: 79 percent at larger companies; 63 percent at smaller companies
- Travel/lodging expenses for foreign government officials: 70 percent at larger companies; 55 percent at smaller companies.

**Figure 1**

## Activities addressed in company's anti-corruption policy

Base = Executives at companies with anti-corruption policies



<sup>2</sup>In this report, "larger companies" are companies with US\$1 billion or more in annual revenues, while "smaller companies" are companies with less than US\$1 billion in annual revenues.

When determining the content of their anti-corruption policies, executives said their company was most likely to rely on a review of legal/regulatory requirements (85 percent) and risk assessments (76 percent) as very important sources<sup>3</sup>. In addition, roughly two-thirds of executives also said that problems experienced in their industry and prior corruption issues at their company were very important in determining their policies.

### Facilitating payments

An area of concern at many companies is the appropriate policy with respect to facilitating payments, which are sometimes referred to as grease payments or expediting payments. Although the FCPA allows limited facilitation payments, these are prohibited under the UK

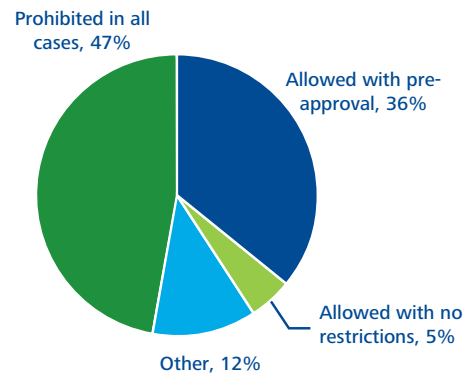
Bribery Act. In Deloitte's experience, many companies are now eliminating these payments.

In fact, almost half of the executives said their company prohibited facilitating payments in all cases. (See Figure 2.) For the remaining executives, 36 percent said facilitating payments were allowed with pre-approval, 5 percent said they were allowed with no restrictions, and 12 percent said they took other approaches.

Among the companies that permitted facilitating payments in at least some cases, 53 percent had no restrictions on the amount of these payments, while 23 percent restricted the maximum amount to less than US\$100 and 13 percent had a maximum amount of US\$100 to US\$249. (See Figure 2.)

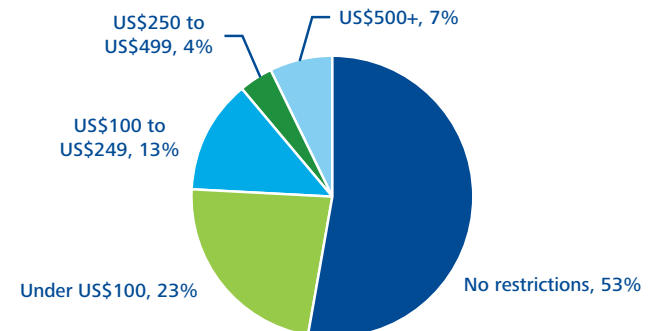
**Figure 2**

**Company policy on facilitating payments**



**Maximum permitted amount of facilitating payments**

*Base = Respondents at companies that permit facilitating payments*

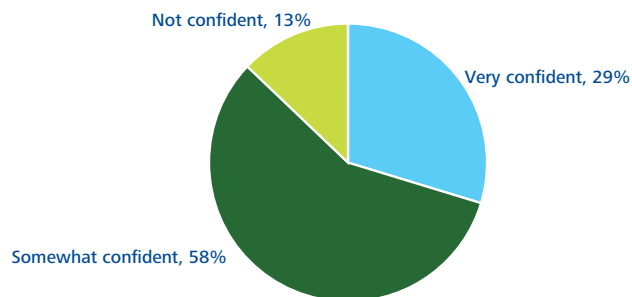


<sup>3</sup>Some percentages in this report total more than 100% since executives could make multiple selections.

# Challenges in designing an effective anti-corruption program

Relatively few executives were very confident in the effectiveness of their company's anti-corruption program. Only 29 percent of executives said they were very confident that their company's anti-corruption policy and procedures would prevent and detect corrupt activities, while another 58 percent said they were only somewhat confident. (See Figure 3.)

**Figure 3**  
Confidence in effectiveness of company's anti-corruption policy and procedures

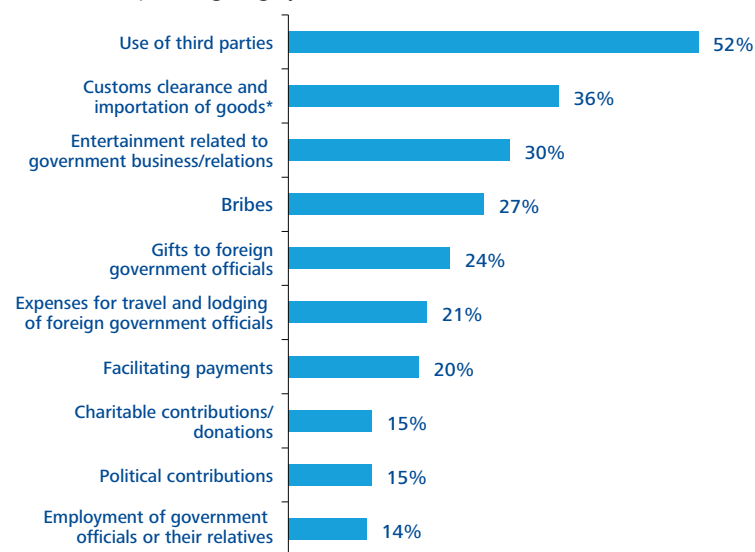


<sup>4</sup>A "third party" is any person or entity doing work for the company or on behalf of the company such as sales agents, representatives, vendors, and consultants.

<sup>5</sup>This figure is for respondents in the following industries typically involved in importing and exporting goods: manufacturing, energy & resources, life sciences, and retail.

One reason may be the many potential sources of corruption risk. Executives were most likely to cite the use of third parties as a source of corruption risk, with 52 percent saying it presented significant risk<sup>4</sup>. (See Figure 4.) (See "Managing third-party relationships")

**Figure 4**  
Sources of corruption risk  
Percent responding "Significant Risk"



\* Only asked of executives in the following industries: manufacturing, energy & resources, life sciences, and retail.

Roughly one-third of executives considered customs clearance and importation of goods, and entertainment or business development expenses related to government business or to government relations, to present a significant corruption risk for their companies<sup>5</sup>. In addition, 20 percent or more of executives felt a number of other activities posed a significant risk



including bribes, gifts to foreign government officials, expenses incurred in connection with sponsored travel and lodging for foreign government officials, and facilitating payments.

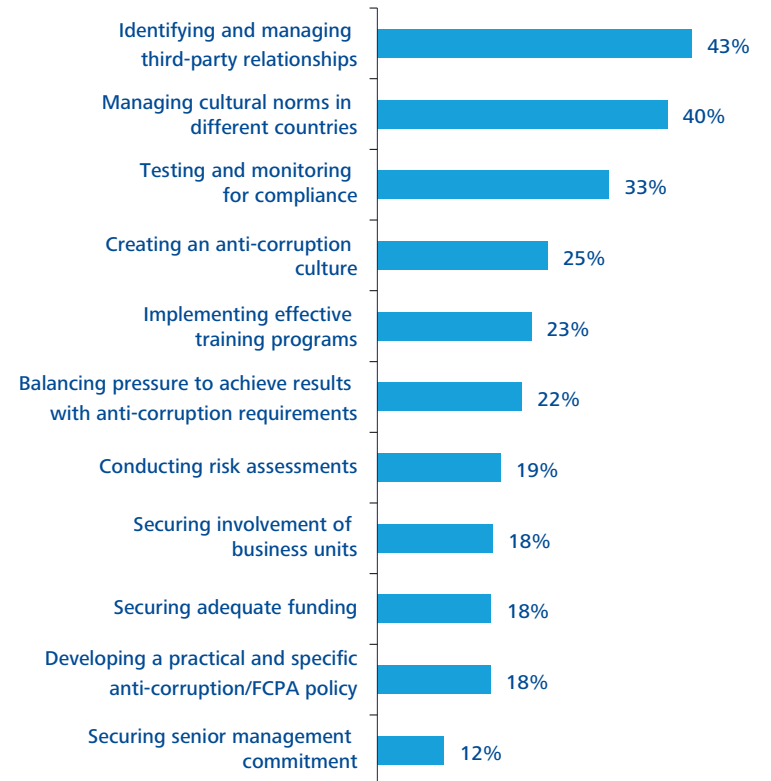
In several areas, executives at larger companies were more likely to perceive greater risk. Given the widespread use of third parties to provide services, raw materials, or manufactured goods, 63 percent of executives at larger companies believed the use of third parties posed a significant risk, compared to 33 percent of those at smaller companies. Similarly, 35 percent of executives from larger companies perceived a significant risk from entertainment or business development expenses related to government business or to government relations while only 19 percent of those at smaller companies shared that concern.

In assessing their exposure, executives were most likely to say their companies relied extensively on internal risk assessments (58 percent) and past experience with corruption issues (51 percent). Roughly one-third of executives said their companies relied extensively on industry information or on the ratings of the Transparency International Corruption Perceptions Index.

The many challenges companies face as they build their anti-corruption programs may be another reason for the lack of confidence amongst most executives. When executives were asked about the challenges they faced,

at the top of the list were identifying and managing third-party relationships (43 percent) and managing the cultural norms in different countries (40 percent). (See Figure 5.)

**Figure 5**  
**Challenges for company's anti-corruption efforts**  
*Percentage responding "Significant Challenge"*



These two issues presented greater challenges to larger companies than to smaller companies. Among executives at larger companies, 51 percent said identifying and managing third-party relationships presented a significant challenge to their companies, compared to 30 percent of executives at smaller companies. Managing the cultural norms in different countries was cited as a significant challenge by 45 percent of executives from larger companies but by only 31 percent of those from smaller companies.

There were several additional issues many executives considered to present significant challenges including testing and monitoring for compliance (33 percent), creating an anti-corruption culture (25 percent), implementing effective training programs (23 percent), and balancing the pressure to achieve results with the requirements of an effective anti-corruption program (22 percent).

# Managing third-party relationships

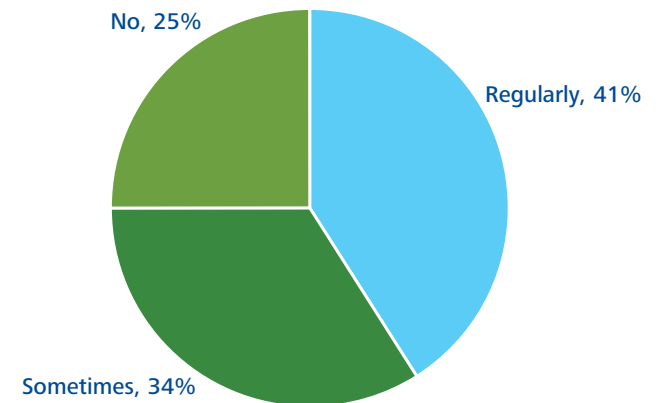
Companies often use third parties in foreign countries to help establish operations, secure permits and licenses, or provide a sales force, among other activities. Corrupt activity by a third-party agent can result in a violation for the company, even if the company does not have direct involvement, as long as the company benefits. In many cases, regulators can uncover evidence, such as e-mails, indicating that a company's employee was aware of the activity. Regulators often take the position that the company should reasonably have known about the alleged corrupt activity by its agent or the company was using "willful blindness" in not wanting to know. This is especially the case in countries where it is widely known that potentially corrupt activities are often accepted as normal business practice.

Given the concern over the corruption risk posed by the use of third parties, companies need to engage in intensive due diligence on activities that could lead to FCPA violations before entering into a relationship with a third party. Yet, only 41 percent of executives said their company regularly conducted due diligence on third parties in foreign countries that sell to, or interact with, foreign government officials, while 34 percent said they sometimes did so. (See Figure 6.) One-quarter of executives said they did not conduct such due diligence at all, including 38 percent of those from smaller companies. Since the use of third parties was rated as presenting the top source of corruption risk, the

lack of due diligence in this area by many companies may be another reason for the lack of confidence in the effectiveness of their company's anti-corruption program.

**Figure 6**

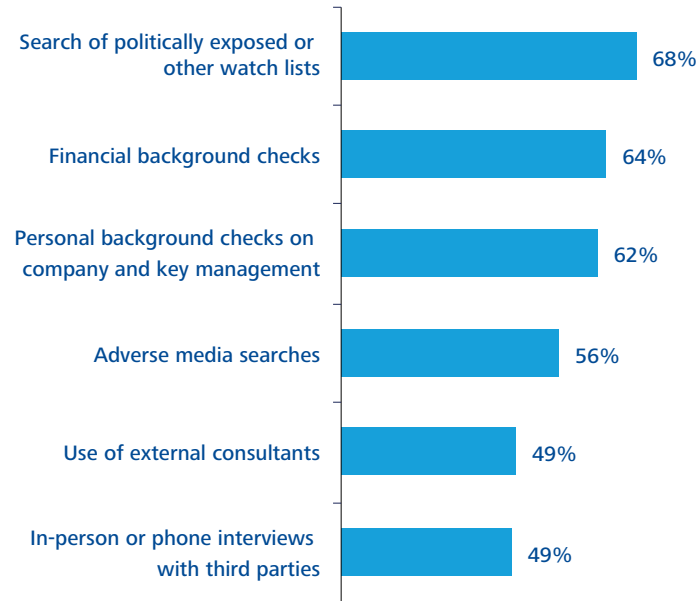
Due diligence on third parties in foreign countries that sell to, or interact with, foreign government officials



Among companies that did conduct due diligence of third parties, roughly two-thirds searched watch lists, performed financial background checks and conducted personal background checks. (See Figure 7.) Roughly half of the executives said their company also searched for negative media coverage, employed external consultants, and conducted interviews as part of their due diligence.

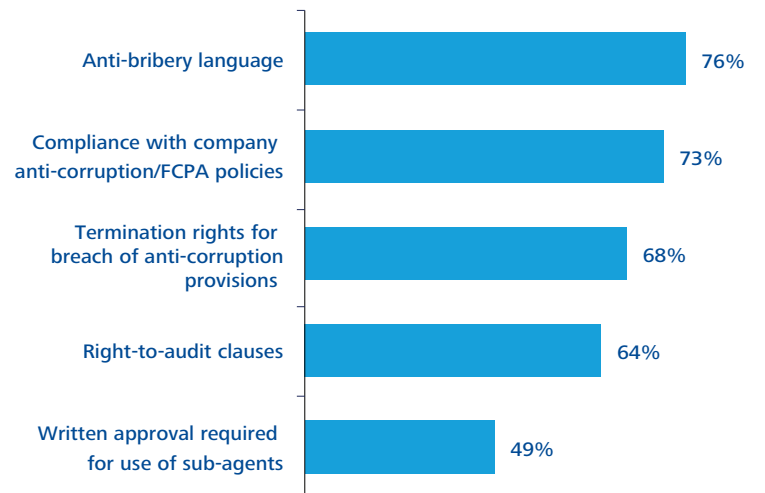
**Figure 7**  
**Procedures used in anti-corruption due diligence of third parties**

*Base = Executives at companies that conduct due diligence*



Another positive trend is that most executives said their company included a number of provisions in contracts with third parties designed to address anti-corruption issues including anti-bribery language, requirements of compliance with company anti-corruption policies, termination for breach of anti-corruption provisions, and right-to-audit clauses. (See Figure 8.) Such anti-corruption contractual provisions can help a company mitigate corrupt activity risk among third parties, both by clearly indicating that such activities will not be tolerated and also by providing legal recourse.

**Figure 8**  
**Anti-corruption provisions in company's contracts with third parties**

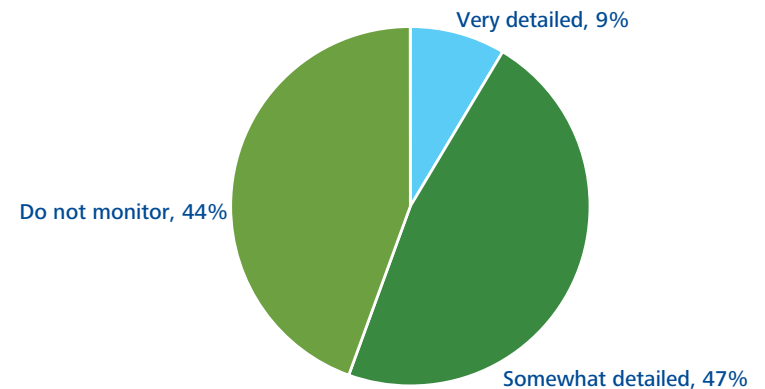


Despite these contractual provisions, only nine percent of executives said that their company conducted very detailed monitoring of third parties to ensure they complied with the company's anti-corruption requirements, while 47 percent said the monitoring was somewhat detailed. (See Figure 9.) In fact, 44 percent said their company did not conduct any monitoring of these issues.

Conducting due diligence before entering into a relationship with third parties and continuing to monitor their activities can pose a monumental task for large companies with thousands, or even tens of thousands of third-party relationships around the world. For these companies, it is likely not feasible to provide the same level of focus or detail on each of these third parties. Instead, it can be more effective to take a risk-based approach and provide more detailed due diligence and monitoring of third parties in situations or countries likely to pose a higher corruption risk. For their other third-party relationships, they may use less intensive due diligence or monitoring in the normal course of business, but each year sample a portion of these lower-risk third parties to receive more intensive monitoring.

**Figure 9**

**Monitoring of relationships with third parties to ensure compliance with anti-corruption requirements**



# Training and communication

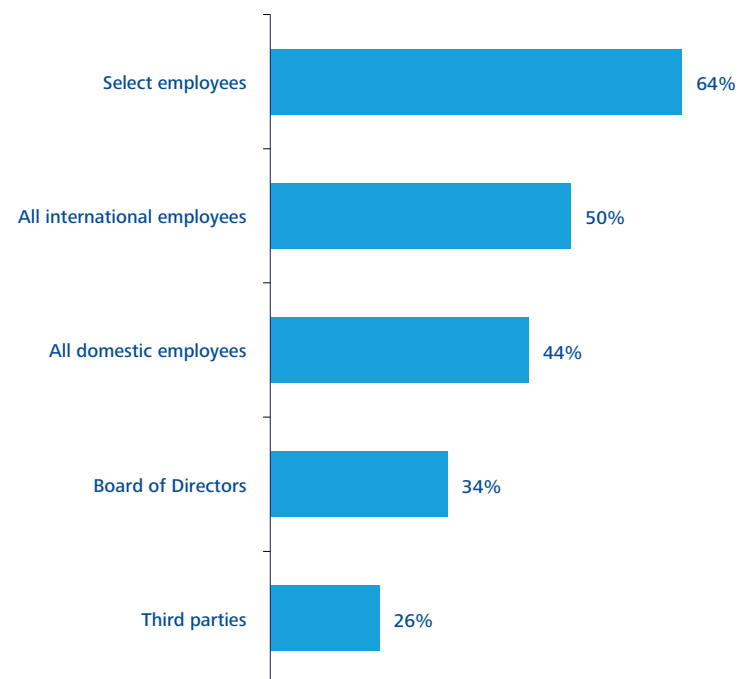
Communicating to employees the importance of preventing and detecting corrupt activities and providing training on the specifics of the company's anti-corruption policy and procedures are key factors in effective compliance. There should also be methods in place, such as whistleblower systems, to provide ways for employees to report their concerns over suspicious activities that may indicate corruption. However, among smaller companies, 37 percent said they were not likely to re-evaluate anti-corruption programs in light of the Dodd-Frank whistleblower provisions; 20 percent of larger companies said the same.

Seventy-three percent of executives said their companies provided anti-corruption training. Among those who said their company provided such training, 64 percent said they trained select employees, such as those most likely to be involved in or be aware of activities susceptible to corruption. Many executives said their company cast a much wider net for anti-corruption training. For example, half of the executives said their company trained all international employees, while 44 percent said it trained all domestic employees. Roughly one-third of executives said their company also trained members of its board of directors on the company's anti-corruption policy. Given the concern over corrupt activities involving third parties, it was surprising only 26 percent of executives said their company trained third parties on anti-corruption requirements. (See Figure 10.)

**Figure 10**

## Groups receiving anti-corruption training

*Base = Executives at companies that provide anti-corruption training*



Among the executives at companies that provided training, roughly half said anti-corruption training was provided annually, while another 24 percent said it was provided more often than once a year. Companies most often relied on traditional in-person classes (80 percent) and computer self-directed training (75 percent)<sup>6</sup>. Roughly two-thirds of executives said their company used internal communications to communicate with employees on these issues.

While training is important in helping all employees understand the legal requirements and company policy on what constitutes corrupt activity, and its consequences, it is unlikely to be enough. Anti-corruption training programs should be supplemented by robust monitoring throughout the year and by an effective approval process for transactions and for the use of third parties.

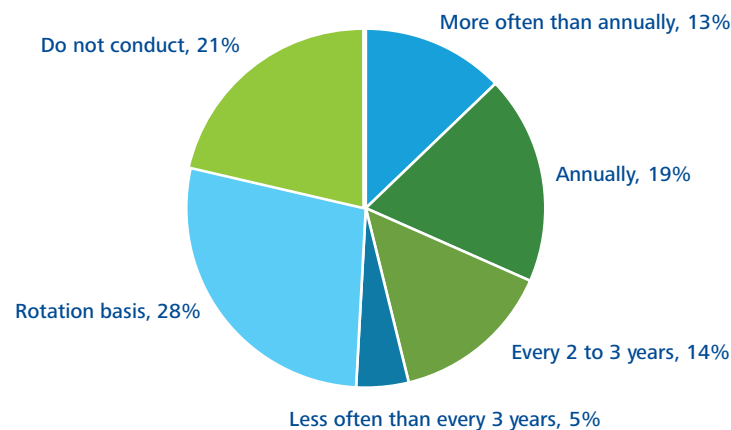
<sup>6</sup>Some percentages in this report total more than 100% since executives could make multiple selections.

# Testing, monitoring and technology

Roughly 80 percent of executives said their company conducted internal audits of its foreign operations to identify potential corrupt activity. Larger companies were more likely to conduct internal audits to identify potentially corrupt activities. Among executives at larger companies, 87 percent said they conducted such audits, compared to 63 percent of those from smaller companies.

Ideally, such audits should be conducted at least once a year, but only 19 percent of executives said these internal audits were conducted annually and 13 percent said they were conducted more often than annually. (See Figure 11.)

**Figure 11**  
Frequency of anti-corruption audits of foreign operations



Instead, many executives said their company only conducted these audits less often than once a year (19 percent) or on a rotation basis (28 percent). Companies should also be ready to evaluate the impact of changes in their business on their exposure to corrupt activities, e.g., if they are entering or expanding in a high-risk country, have recently made acquisitions or created joint ventures, or entered into new relationships with vendors or other third parties.

Another potential exposure identified in the survey is that many companies' anti-corruption audits did not cover third parties. For example, only 57 percent of executives said their company's audits covered joint venture partners, 50 percent said they covered foreign sales agents, and roughly 40 percent said they covered foreign distributors and foreign consultants.

Some companies may believe they can rely on their usual internal audits to identify corrupt activity, but when individuals engage in illegal activity, such as paying bribes, they typically attempt to hide their actions, e.g., by using false documents, having third parties keep "slush" funds, or dividing and hiding illegal payments under existing categories. Given this reality, corrupt activities may often not be detected by normal internal controls or internal audits. Instead, companies need to consider employing procedures that are designed specifically to identify corrupt activities.



### Technology

Roughly one-quarter of executives said their company used software applications to identify suspicious or anomalous payments or transactions that may indicate corrupt activity. (See Figure 12.) Such software applications can provide automated surveillance of e-mails, data, and transactions. Larger companies were roughly twice as likely to use such software - one third

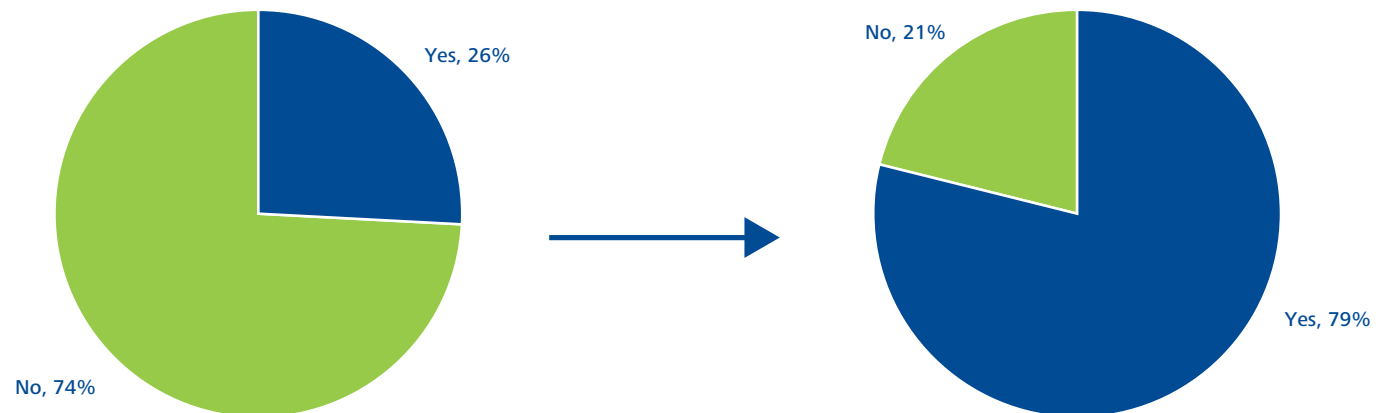
of executives at larger companies said they used such software compared to 15 percent of those at smaller companies. While only one-quarter of executives said their company used such technology, those that did found it to be effective. Almost 80 percent of the executives at companies that used such software said it had identified suspicious transactions that required further investigation. (See Figure 12.)

**Figure 12**

**Does your company use software designed to identify anomalous payments or transactions?**

**Has software identified anomalous or suspicious transactions that required investigations?**

*Base = Respondents at companies that employ software designed to identify anomalous transactions*



Of course, an automated system can generate false positives, transactions that are flagged as suspicious but turn out to be innocent after investigation. If a system generates too many false positives, it can result in high costs to investigate them. For such tools to be both cost-effective and efficient, they need to be designed to strike a reasonable balance between generating false positives on the one hand and failing to detect fraudulent activity on the other.

### Self-reporting

Executives were asked whether they thought that if an executive in their industry (not specifically in their own company) uncovered a significant violation of the company's anti-corruption policy, they would report it to the SEC or the DOJ. Executives were divided on how they thought the typical executive in their industry would respond, with 36 percent saying it was very likely that an executive would report such a violation, 39 percent thinking it was somewhat likely, and 25 percent saying it was not likely. Only 27 percent saw significant benefits in self-reporting violations, while an additional 43 percent saw some benefits.

This is an area where it is prudent to seek advice from lawyers who have extensive knowledge and experience in dealing with the relevant prosecutors' offices. They can explain how the company and any individuals involved may be treated by prosecutors if wrongdoing were self-reported or if the wrongdoing were discovered

by prosecutors or reported by others to prosecutors. There are many factors to consider including the potential reduction in penalties for companies that self-report and the potential ability to mitigate more effectively the reputational impact and business disruption that may arise. The accuracy of disclosures and of management's reports and certifications relating to internal control over financial reporting are among the other potential concerns.

Given the potentially multi-million dollar awards created by the Dodd-Frank Act for whistleblowers who report FCPA violations and other securities fraud matters to the SEC, the likelihood of FCPA violations going unreported may be considerably lower than before the implementation of these awards.

# Corruption risk in emerging markets

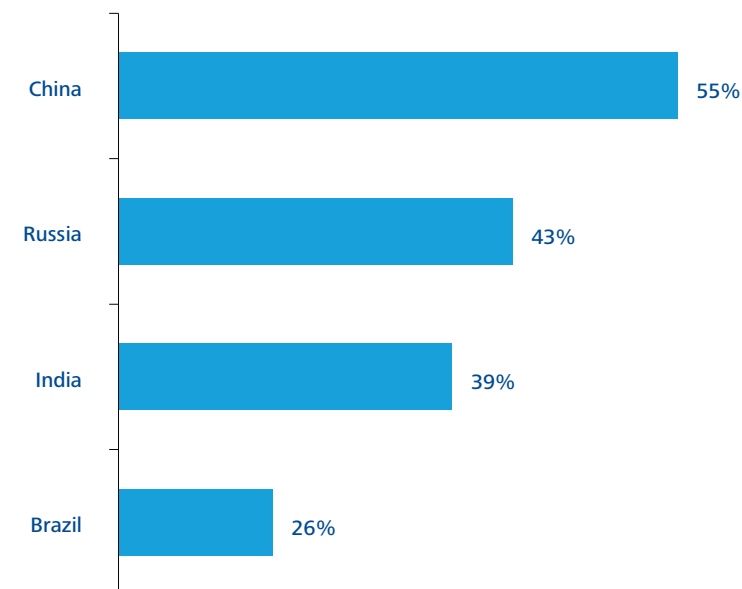
As companies look to expand around the world, either through selling their products and services, establishing company operations, or sourcing products and services from third parties, the potential for corrupt activities increases sharply. Companies tend to have the greatest degree of knowledge of third parties and cultural norms in their home country or in countries where they have operated for decades. In many countries, payments or gifts that are potentially corrupt activities under the FCPA or other statutes may be considered a normal business practice, even if illegal under local laws. Managing cultural norms in different countries was cited by 40 percent of executives as presenting a significant challenge to anti-corruption programs, the second highest rating item. (See Figure 5.)

As companies expand into higher-risk countries, they need to gain greater insight into local conditions, business norms, and third parties. However, only 57 percent of executives surveyed said their company tailored its anti-corruption/FCPA policy and procedures by providing additional safeguards in countries considered to pose a high risk. This is something more companies operating in emerging markets may want to consider.

The BRIC countries play a prominent role in the business strategies of many companies today, yet many executives have significant concerns about the increased potential for corrupt activities in these markets. Roughly half of the executives said their company was extremely concerned about potential corruption in China, while 43 percent said the same about Russia, 39 percent about India, and 26 percent about Brazil. (See Figure 13.)

**Figure 13**

**Concern about potential corruption in BRIC countries**  
Percentage responding "Extremely Concerned"



For many companies, their concerns are only increasing. Half of the executives said their company was more concerned about corruption risk in China today than it was three years ago. For the other BRIC countries, 42 percent of executives said they were more concerned today about corruption risk in India, 38 percent were more concerned about Russia, and 33 percent were more concerned about Brazil.

# Conclusion

## Profile of respondents

The Deloitte Forensic Center surveyed 276 executives to assess how companies are taking actions to mitigate the risk of corruption. The survey was conducted online in February and March, 2011. The survey was conducted for Deloitte by Bayer Consulting.

The respondents came from companies from a variety of industries, with the greatest representation in manufacturing (29 percent), financial services (14 percent), technology/telecommunications/media (12 percent), and energy/resources (8 percent).

Regarding size, 35 percent of respondents were from companies with less than US\$1 billion in annual revenues and 65 percent were from companies with annual revenues of US\$1 billion or more.

Designing and implementing an effective program to prevent corrupt activities has become more important to companies than ever before. The United States and other governments have implemented tougher anti-corruption requirements and are aggressively enforcing them. At the same time, many companies are now more exposed than before to potential corrupt activities as they expand their operations into emerging markets.

While most companies have anti-corruption policies and conduct internal audits, relatively few executives are very confident that their current efforts are sufficient. Many companies will need to conduct a stringent evaluation of their existing anti-corruption programs and take steps to address their deficiencies. These steps are likely to include developing more detailed stand-alone policies and special anti-corruption audits, improving due diligence and monitoring of third-party relationships, and enhancing anti-corruption requirements in emerging markets. Enhancing anti-corruption programs will not only make it less likely that a company becomes the subject of a prosecution, but equally important it will also help to safeguard its hard-earned reputation.

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The following material is available on the Deloitte Forensic Center Web site [www.deloitte.com/forensiccenter](http://www.deloitte.com/forensiccenter) or from [dfc@deloitte.com](mailto:dfc@deloitte.com).

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