

JULY 2005



International Federation of Inspection Agencies

# Guidance check list for members' internal compliance audits

EDITION

# 2



## IFIA Guidance Check List for Members' Internal Compliance Audits

Date of audit:.....	Location & department of audit:.....
Name(s) of auditee(s) .....	
Name(s) of auditor(s) .....	

Clause numbering refers to the clauses of the IFIA Compliance Code, Second Edition of July 2005

H/A = Head Office ("H") or All locations ("A") of Member where check list item is verified.

Y/N/X = Yes ("Y") or No ("N") or Not Applicable ("X") based on the findings of the auditor

	CHECK LIST	Clause	H/A	Y/N/X
1	Records are available demonstrating that the Programme has been implemented throughout the Organisation in all locations.	1	H	
2	The Member's Group Board, or equivalent body, has published its own Principles reflecting the IFIA Compliance Principles.	2.1	H	
3	The Member's Group Board, or equivalent body, has adopted its own Rules reflecting the IFIA Compliance Rules	2.3	H	
4	Copies of the Organisation's own Compliance Principles and Rules, and any subsequent updates thereof, were sent to the Director General of IFIA within one month of publication	2.3	H	
5	The Organisation has received, within 2 months of submission of its Principles and Rules to IFIA, either a confirmation that the documentation appears to comply with IFIA requirements or a request for clarification or revision.	2.4	H	
6	The Organisation has appointed a Compliance Officer.	3	H	
7	The Organisation has established a Compliance Committee.	4	H	
8	The Organisation informs prospective employees of the Programme prior to job offer	5.1	A	
9	Employees have been provided with the Compliance Principles and Rules and requested to sign declarations that they have been received, read and understood. A record is kept in the file of each Employee.	5.2(a)	A	
10	Each employee has been required to sign, as a condition of employment, a Non Disclosure Agreement	5.2(c)	A	
11	The Compliance Rules make it clear that the Employees will not suffer demotion, penalty, etc., arising from the strict implementation of the Programme.	5.2	H	
12	Employees have completed a compliance training course which takes into account the IFIA Compliance Training Guide. A record is kept in the file of each Employee.	5.3	A	
13	Employees have the opportunity to provide input on the development of the Programme.	5.4	A	
14	The Employees' understanding of the Programme is discussed during Employee performance evaluations.	5.5	A	
15	"Help Lines" have been established to provide guidance to Employees.	5.6	HA	
16	When using the "Help Lines" the Employee may request anonymity which is protected by the Organisation to the extent reasonably practicable.	5.6	HA	
17	Adequate security measures have been implemented in the Organisation's premises containing confidential business information to ensure that (i) access is restricted to authorised personnel only and (ii) documents/data are stored in designated secure areas and disposed of in a secure matter.	6	A	
18	The Organisation (a) publicly discloses its Compliance Principles and (b) provides facilities and tools to receive enquiries, complaints or feedback from relevant interested parties.	7	HA	

	CHECK LIST	Clause	H/A	Y/N/X
19	The Organisation encourages Employees to report violations or suspected violations and endeavours to provide protection to reporting Employees.	8.1	A	
20	When an Employee reports violations, or suspected violations, the Organisation protects (a) the Employee from any form of reprisal (unless they acted maliciously or in bad faith) and (b) if requested, the anonymity of the Employee to the extent reasonably practicable.	8.1	A	
21	Employees are required to report any solicitation for, or offer of, an improper payment or advantage coming to their knowledge.	8.2	A	
22	The Compliance Officer, or nominated delegate, initiates an investigation into any violation reported to him/her or coming to his/her knowledge.	9.1	H	
23	A documented procedure is maintained for handling of investigations and sanctions which includes (a) maintenance of records of all reported violations and subsequent actions taken (b) giving the alleged perpetrator the right to be heard (c) the Member's management or Compliance Committee deciding on the appropriate corrective and disciplinary measures to be implemented in the event a violation is established (d) the Compliance Officer receiving summary reports from all locations and preparing summary reports to the Compliance Committee.	9.2	H	
24	The Senior Managers responsible, in respect of all locations and/or activities, prepare, sign and send to the Compliance Officer, on an annual basis, a Compliance Declaration based on the IFIA template.	10.1	HA	
25	The Compliance Officer receives the Management Compliance Declarations and submits an annual summary report to the Compliance Committee.	10.1	H	
26	The internal auditors, as part of their internal audits, verify that the Compliance Principles and Rules have been implemented within the Organisation and that the Management Compliance Declarations have been properly completed, reflect compliance with the Principles and Rules and, in respect of those locations selected for site audits, correctly reflect the actual situation by testing on a sampling basis. The findings are reported to the Compliance Officer.	10.2	HA	
27	The Compliance Officer, based on the findings of the internal audits, submits a summary report to the Compliance Committee for follow-up action.	10.2	H	
28	The implementation of the Programme is examined at least annually by an appointed independent external audit firm.	10.3.1	H	
29	Prior to the appointment of the external audit firm(s), or any subsequent proposed changes thereof, the Organisation submitted a notification to the IFIA Director General for confirmation of compliance with IFIA Requirements.	10.3.4	H	
30	The external audit firm is required to submit to IFIA, within 6 months of the financial year-end closing date, an Assurance Report based on the IFIA template.	10.3.6	H	
31	Due diligence is conducted prior to appointing an Intermediary	11.1.1	A	
32	The remuneration paid to each intermediary is subject to analysis to ensure it is appropriate and justifiable for legitimate services rendered. In respect of intermediaries required to deal with government officials, the remuneration is approved by the Compliance Committee.	11.1.1(v)	A	
33	The Intermediary's continual compliance with the Member's Principles is monitored and action taken in the event of a breach	11.1.2	AH	
34	Where appropriate, training and support is provided to the Intermediary	11.1.3	A	
35	Records are maintained of the due diligence, remuneration analysis, Compliance Committee approval (where applicable) and Contracts with intermediaries requiring compliance with the Rules and Principles.	11.1.4	A	
36	The intermediaries' remuneration is accounted for in a separate general ledger in the accounting records. All such payments made by any of the operations throughout the Organisation are consolidated.	11.1.5	AH	
37	An annual consolidated management statement of intermediaries' remuneration is prepared.	11.1.6	H	
38	Due diligence is conducted prior to entering into a joint venture	11.2.1	A	
39	The Joint Venture partner(s) compliance with the Member's Principles is monitored through monitoring of their conduct and, where appropriate, periodic verification.	11.2.3	A	
40	Due diligence is undertaken prior to appointing an agent or subcontractor	11.3.1	A	
41	Training is provided for agents and subcontractors where appropriate	11.3.2	A	
42	The Agents' and subcontractors' compliance with the Member's Principles is monitored through monitoring of their conduct and, as appropriate, periodic verification.	11.3.4	A	
43	Guidance has been provided to, and is implemented by, employees to ensure that procurement practices are conducted in a fair and transparent manner	11.4.1	A	

	CHECK LIST	Clause	H/A	Y/N/X
44	Due diligence is conducted in evaluating major prospective contractors and suppliers	11.4.2	A	
45	The Compliance Committee has provided guidance to employees on the definition of "major prospective contractors and suppliers" and the scope of due diligence	11.4.2	H	
46	The Compliance Principles are made known to major contractors/suppliers	11.4.3	A	
47	Complaints to IFIA, concerning non compliance by other IFIA Members with the IFIA Compliance Code, are lodged as per IFIA Complaints and Disciplinary procedure.	12.1	H	
48	Guidance has been provided to employees for dealing with clients who expect tolerances to be abused to obtain acceptable results	13.1.1	H	
49	Employees have been informed of and comply with any applicable sector specific Integrity Rules published by IFIA	13.1.2	HA	
50	A policy to avoid conflict of interest or the appearance thereof is in operation	13.2.1	HA	
51	Conflicts of interest are avoided between (i) the Company and any related entities in which the Company has a financial or commercial interest and (ii) the Group companies and/or divisions engaged in different activities but which may be providing services to either the same client or each other, .	13.2.2	HA	
52	Employees do not, directly or through relatives, friends or intermediaries, acquire an interest in a supplier, a client or a competitor of the Member, except for the acquisition of shares of a client, supplier or competitor on a public stock exchange, and then only to an extent which does not grant significant influence over the affairs of the client, supplier or competitor and which does not make the Employee unduly dependent on its financial fortunes.	13.2.3a	A	
53	Employees do not hold any position with a competitor or client.	13.2.3b	A	
54	Employees do not conduct any company business with any member of their family or with an individual or organisation with which they or their family is associated. Employees do not employ a member of their family without approval of the Member's management.	13.2.3c & d	A	
55	Employees are required, as a condition of employment, to sign a non-disclosure agreement prohibiting the disclosure of confidential business information, obtained during the course of their employment, to other parties.	13.3.1	A	
56	All Intermediaries, joint venture partners, agents, subcontractors contractors and suppliers are made aware of confidentiality and that they should not disclose confidential information	13.2.2	HA	
57	Records are available demonstrating that the Principles and Rules meet the requirements of the IFIA Compliance Code and local laws relevant to countering bribery in all jurisdictions in which the Organisation operates.	13.4.1a	A	
58	In those cases where local laws specify additional, or different, requirements which are not covered by the Programme, the Programme has been modified in the country(ies) concerned. Records have been kept of countries where the Programme has been modified.	13.4.1b	AH	
59	The Compliance Committee and/or the senior executive, or his delegate, in each country of operation organises periodic reviews to assess bribery risks and determine appropriate control measures. Such reviews are conducted systematically (i) prior to the commencement of a new service or start-up of operations in a new country (ii) whenever a significant breach of the Principles and Rules occurs which warrants a review of the existing control measures.	13.4.2	HA	
60	A Policy and criteria are maintained for political contributions	13.4.3 (i)	H	
61	Proposed political contributions are subject to prior review and approval by the Compliance Committee and take into account the applicable laws in the countries concerned	13.4.3 (ii)	AH	
62	All political contributions are accounted for in a separate general ledger in the accounting records. Such payments made by any of the operations forming part of the Organisation are consolidated	13.4.3 (iii)	AH	
63	An annual consolidated management statement is prepared of all political contributions made, including those made on the Organisation's behalf by employees, agents and intermediaries.	13.4.3 (iv)	H	
64	A Policy and criteria are maintained for charitable contributions and sponsorships.	13.4.4 (i)	H	
65	The Compliance Committee stipulates designated levels of approval of charitable contributions and sponsorships.	13.4.4 (ii)	H	
66	A due diligence is conducted prior to the approval of charitable contributions and sponsorships in excess of € 10,000	13.4.4 (iii)	A	
67	Sponsoring agreements are in writing and state the consideration being offered. If funds are offered the use of the funds is specified in detail and an opportunity to check	13.4.4 (iv)	A	

	<b>CHECK LIST</b>	<b>Clause</b>	<b>H/A</b>	<b>Y/N/X</b>
68	Records are maintained locally of all charitable contributions and sponsorships to ensure they have been used for their intended purpose.	13.4.4 (v)	A	
69	All charitable contributions and sponsorships made are accounted for in a separate general ledger count in the accounting records. Such payments, made by any of the operations forming part of the Organisation, are consolidated.	13.4.4 (vi)	AH	
70	An annual consolidated management statement is prepared of all charitable contributions & sponsorships made including those made on the Organisations' behalf.	13.4.4 (vii)	H	
71	Facilitation payments are discouraged and only made when absolutely necessary.	13.4.5 (i)	A	
72	A Policy is maintained on facilitation payments.	13.4.5 (ii)	H	
73	When the Policy permits facilitation payments, guidance has been provided to employees to ensure that such payment are only made when (a) there is no doubt as to the entitlement of the Organisation to the action to be performed (b) the demander of the facilitation payment has a clear and non-discretionary obligation to perform the task (c) the payment is modest (d) the payment is appropriately accounted for.	13.4.5 (iii)	A	
74	The Compliance Committee sets limits / guidelines on the value of gifts, hospitality or expenses that may be given without special authorisation from the Compliance Committee.	13.4.6 (i)	H	
75	Guidelines have been provided to Employees on the circumstances under which (a) gifts, hospitality and expenses may be received and (b) gifts may be kept by Employees or should be surrendered to the management for disposal.	13.4.6 (ii)	H	
76	General criteria have been provided to Employees for compliance of gifts, hospitality and expenses with the Programme	13.4.6 (iii)	H	
77	All extraordinary expenses/proceeds, falling outside the guidelines/limits set by the Compliance Committee, are accounted for in a separate general ledger account in the accounting records. Such payments, made by any of the operations forming part of the Organisation, are consolidated.	13.4.6 (iv)	AH	
78	An annual consolidated management statement is prepared of all extraordinary expenses and proceeds.	13.4.6 (v)	H	
79	A review of the books and records has demonstrated that they are accurately maintained and properly and fairly document all financial transactions. The Organisation's Rules prohibit off-the-books records.	13.4.7	A	
80	Guidelines have been provided to Employees, Agents and Intermediaries to ensure that they understand and adhere to the Principles governing Fair marketing.	13.5.1	HA	
81	The Organisation's presentations and publications accurately and unambiguously reflect the Organisation, resources, capabilities, experience and services provided.	13.5.2	HA	