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International Federation of Inspection Agencies

Compliance code Guidelines on implementation

EDITION

5



compliance

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IFIA Compliance Code Guidelines on Implementation

Introduction

1. The IFIA Compliance Code, published in April 2007, consists of the five IFIA Compliance Principles and twelve Requirements for Implementation. It is supported by these Guidelines which assist Members to develop their own Compliance Programmes. These Guidelines were first published in April 2007 and were revised in January 2008, February 2010 and July 2012. This Edition was published in December 2013.

2. The Guidelines provide IFIA Members with an approved means of meeting the Requirements for Implementation of the IFIA Compliance Code. Members whose Compliance Programmes do not follow the Guidelines in a particular respect may still have their Programme approved by IFIA so long as they can demonstrate to the Director General that their Programme meets the relevant requirements of the Code in an equivalent way to that set out in these Guidelines.

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Parts of these Guidelines were developed based on the "TI/SAI Business Principles for Countering Bribery" (December, 2002) published by Transparency International and Social Accountability International which IFIA gratefully acknowledges.

1. Application of Compliance Principles

1 Integrity

- 1.1 The Member should provide guidance to its employees for dealing with clients who expect the Member to abuse tolerances to obtain acceptable results.
- 1.2 In respect of those business sectors in which the Member is active, the Member should comply with any sector specific Integrity Rules published by the applicable IFIA Committee.

2 Conflicts of interest

- 2.1 In order to avoid conflicts of interest, or the appearance of conflicts of interest, in the Member's business transactions and services, the Member should maintain a policy regarding conflicts of interest.
- 2.2 The Member's policy should provide guidelines to employees in order to avoid conflicts of interests between
 - i) the Member and related entities in which the Member has a financial or commercial interest and to which it is required to provide services, and
 - ii) the Member's companies and/or divisions engaged in different activities but which may be providing services to either the same client or each other.
- 2.3 The Member's policy should provide, as a minimum, that the Member's Employees do not:
 - a) 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;
 - b) hold any position with a competitor or client;
 - c) conduct any company business with any member of their family or with an individual or organisation with which they or their family is associated;
 - d) employ a member of their family without approval of the Member's management.

3 Confidentiality

- 3.1 The Member should require each employee to sign a Non-disclosure Agreement which prohibits the disclosure of any confidential business information, obtained during the course of his/her employment, to other parties.
- 3.2 The Member should ensure that all intermediaries, joint venture partners, agents, subcontractors, franchisees, contractors and suppliers are made aware of the confidential nature of business information that they may handle through their dealings with the Member, and that they should not disclose confidential information to other parties.

4 Anti-bribery

4.1 Compliance with laws

The Member should ensure that the Principles and Rules of its Programme meet the requirements of this Code and local laws relevant to countering bribery in all the jurisdictions in which it operates.

In the event that the local laws specify additional or different requirements, which are not covered by their Programme, the Member should modify its Programme for the country(ies) concerned. Records should be kept of countries where their Programme has been modified.

4.2 Analysis of risks

The Member's Compliance Committee and/or the senior executive, or his delegate, in each country of operation should organise periodic reviews to assess bribery risks and determine appropriate control measures. Such reviews should be systematically conducted:-

- (i) Prior to the commencement of a new service or the start up of operations in a new country and
- (ii) Whenever a significant breach of the Member's Programme which warrants a review of the existing control measures occurs.

4.3 Business Principles for Countering Bribery

The member should employ good business practices and risk management strategies in accordance with the Business Principles for Countering Bribery as published by Transparency International and Social Accountability International (see www.transparency.org). These should address at least the following areas:

4.3.1 Political contributions

The Member, its employees or agents should not make direct or indirect contributions to political parties, organisations or individuals engaged in politics, as a way of obtaining advantage in business transactions.

The member should account for all its political contributions in a separate ledger and consolidate all such payments made by any of the operations that form part of its organisation.

4.3.2 Charitable contributions and sponsorships

The Member should ensure that charitable contributions and sponsorships are not being used as a subterfuge for bribery.

The Member should account for all its charitable contributions or sponsorships in a separate ledger and consolidate all such payments made by any of the operations that form part of its organisation.

4.3.3 Facilitation payments

Facilitation payments are defined as small payments made to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has legal or other entitlement.

Recognising that facilitation payments are a form of bribery, the Member should work to identify and eliminate them.

4.3.4 Gifts, hospitality and expenses

The Member should prohibit the offer or receipt of gifts, hospitality or expenses whenever such arrangements could affect the outcome of business transactions and are not reasonable and bona fide expenditures.

5 Fair marketing

- 5.1 The Member should provide guidelines to employees, agents and intermediaries to ensure that they understand and adhere to the Principle governing fair marketing.
- 5.2 Member's presentations and publications should accurately and unambiguously reflect the Member's network and affiliations, resources / capabilities, experience and services provided.

2. Compliance Programme

Implementation

Each Member is required to implement a Compliance Programme, based on this Code, throughout its organisation. The Member may do this by integration of the Code's requirements into its quality management system.

Members' Compliance Programmes

Each Member's Group Board, or equivalent body, should confirm its commitment to implementing this Code by publishing and adopting the Member's own Principles and the key elements of implementation (the Member's Compliance Programme) which should, at least,

- address all the IFIA Compliance Principles and Requirements for Implementation,
- follow these Guidelines as specified in paragraph 2 of the Introduction to these Guidelines,
- apply throughout the whole of its organisation.

The Member is required to send, within one month of publication, a copy of its Compliance Programme, and any subsequent updates, to the Director General for verification of compliance with the IFIA Code.

The Director General will respond within two months of receipt.

Compliance Officer

Each Member's Group Board, or equivalent body, should nominate a Compliance Officer, who, irrespective of his or her other responsibilities should have responsibility and authority under the Board for the co-ordination of the implementation of the Compliance Programme throughout the Member's organisation. The Compliance Officer may nominate delegates to perform some or all of his/her functions within specified parts of the organisation. Additionally, senior managers throughout the organisation should have responsibility for implementation of the Programme in their areas of responsibility.

Compliance Committee

Each Member's Group Board, or equivalent body, should establish a Compliance Committee to carry out periodic reviews of the progress of the Compliance Programme and provide policy guidance. The Compliance Committee should, at least, include the Chief Executive Officer, the Compliance Officer and representation from the Group Board or equivalent body.

Recruitment

Prior to job offer, prospective employees should be informed of the Compliance Programme.

Employee commitment

Members should ensure that:-

- (a) each employee is provided with a copy of the Compliance Programme and requested to sign a declaration that it has been received, read and understood. A record should be kept in the employee's file;
- (b) each Senior Manager is required to sign an annual declaration (see Annex A) that the Programme has been implemented in his/her area of responsibility.

The Member's Programme should include provision that it be made clear that employees will not suffer demotion, penalty or any other adverse consequences arising from strict implementation of the Programme even if it may result in a loss of business.

Training

All employees, including Managers, of the Member should be required to undergo a Compliance Training Course. For the purpose of guidance in the preparation of course material, Members should refer to the **IFIA Compliance Training Guide**. A Record of course completion should be kept in each employee's file.

Consultation on Code development

The Member's employees should have the opportunity to provide input on the development of the Programme.

Employee performance evaluation

The Member should ensure that each employee has an on-going understanding of the Compliance Programme during employee performance evaluations.

Employee "Help lines"

The Member should make provision for "help lines" where its employees may obtain guidance on any question or matter of concern relating to the implementation or interpretation of the Programme. At the employee's request, any such question should be dealt with confidentially and the anonymity of the employee should be protected to the extent reasonably practicable. Such help lines may utilise the Member's internal resources and/or an external third party organisation.

Security Measures

The Member should implement adequate security measures in its organisation's premises containing confidential business information to ensure that access is restricted to authorised personnel only and that documents/data are stored in designated secure areas and disposed of in a secure manner.

External Communications

The Member should make public its Compliance Principles and provide facilities to receive enquiries, complaints or feedback from interested parties.

Reporting of Violations

The Member's employees should be encouraged to report details of violations or suspected violations either direct to the Compliance Officer, or to the employee's superior, a member of senior management or an internal auditor. The reporting employee should be fully protected against any form of reprisal unless s/he acted maliciously or in bad faith. If requested, the employee's anonymity should be protected to the extent reasonably practicable.

Employees should be required to report any solicitation for, or offer of, an improper payment or advantage coming to their knowledge.

Investigations and Sanctions

The Compliance Officer should initiate, where appropriate, an investigation into any violation of the Programme reported to him/her or coming to his/her knowledge.

The Member should maintain a documented procedure for the handling of investigations and sanctions which should include requirements for:-

- (a) the maintenance of records of all reported violations and subsequent actions taken;
- (b) the alleged perpetrator of such violation to have the right to be heard;
- (c) the Member's management or Compliance Committee to decide on the appropriate corrective and disciplinary measures to be implemented if a violation has been established. These measures may include a reprimand, demotion, suspension or dismissal;
- (d) the Compliance Officer to receive progress reports from his/her nominated delegates and/or the management in the locations concerned and prepare periodic summary reports for the Compliance Committee on investigations, violations established and the implementation of corrective actions and disciplinary measures.

Business Relationships

To ensure that the Member's Compliance Programme is applied to the extent appropriate in its business relations with parties external to the Member's organisation and that improper payments are not channelled through them, the Member should ensure that such parties abide by the Member's Compliance Programme to the extent that is appropriate. Such parties (who are also referred to as "business partners" for the purposes of paragraph 2.9 of Annex C below) include:-

- intermediaries, (entities or individuals external to the Member who are required to promote the services of the Member as part of their responsibilities, including consultants and advisers)
- joint venture partners
- agents (entities or individuals external to the Member who are required to provide operational services, within the Profession as defined in IFIA's Articles of Association, on the Member's behalf)
- subcontractors (entities or individuals performing outsourced activities within the Profession under a contract with the Member)
- franchisees (entities or individuals external to the Member who carry on business within the Profession using the Member's trading name and/or brand, the rights to which are purchased from the Member under a franchise contract)

The Member should do this by at least

- conducting due diligence before entering into or renewing any contract with the party
- making known its Compliance Principles to the party and seeking assurance that the party will comply with the Principles in so far as these apply to activities performed on behalf of the Member
- except in the case of subcontractors, obtaining the party's contractual commitment to comply with the Compliance Principles and to allow the Member to verify this periodically
- monitoring the party's continual compliance with the Principles (and in the event of discovering a breach taking remedial action)
- not dealing with any parties known to be involved in bribery.

Due diligence includes

- A risk analysis
- An interview with the party

- An investigation of the party's background which, for intermediaries, should be reviewed and approved by the Member's compliance Committee
- Verification through a remuneration analysis, which should be reviewed and approved by the Member's Compliance Committee, that the remuneration paid to each intermediary is appropriate and justifiable for legitimate services rendered, and does not facilitate improper payments by the intermediary.

In addition, for intermediaries and other parties as may be appropriate, the member should provide training and support.

The Member should account for all intermediaries' remuneration in a separate general ledger account in its accounting records and consolidate all such payments made by any of its operations and prepare annually a consolidated management statement of all intermediaries' remuneration.

Complaints and Disciplinary Procedures

Complaints concerning alleged non-compliance with this Code by other Members should be lodged with IFIA in accordance with the IFIA Complaints and Disciplinary Procedures. Members should refrain from submitting such complaints to other parties unless it is necessary to do so to protect their reputation.

(Breaches of this Code may lead to sanctions imposed by the IFIA Council subject to the rules, including rights of appeal, set out in the IFIA Complaints and Disciplinary Procedures.)

Accounting and book keeping

The Member should maintain accurate books and records which properly and fairly document all financial transactions. Off-the-books accounts should be prohibited.

3. Verification

Management declarations

The Member should require its Senior Managers throughout its organisation to prepare and sign, on an annual basis, a Compliance Declaration which, as a minimum, should be based on the template contained in Annex A. These Compliance Declarations should be sent to the Compliance Officer who should submit an annual summary report to the Compliance Committee.

Internal audits

The Member should require its nominated internal auditors, as part of their internal audit plan, to verify that the Compliance Programme has been implemented within its organisation and in particular that the Management Declarations have been completed in conformance with Annex A and reflect compliance with the Programme and, in respect of those locations selected for site audits, correctly reflect the actual situation. Such site audits should review the processes in place and include testing, on a sampling basis, to ensure the effective application and implementation of the Programme. The **IFIA Guidance Check List for Members' Internal Compliance Audits** may be used for reference. This Check List is directly applicable if the Member's implementation of the Code follows the July 2005 version of the IFIA Compliance Code in detail. Otherwise it acts as a general check list for areas that the internal audit is likely to need to cover when applied to audit of any Member company's implementation of the IFIA Code.

The compliance findings resulting from such audits should be reported to the Compliance Officer who should submit a summary report to the Compliance Committee. The Compliance Officer and/or Compliance Committee should take follow-up actions where appropriate.

External examinations

1 Frequency

The effectiveness of the implementation of the Programme is required to be examined at least annually by the Member's appointed independent external audit firm.

2 Independent external audit firm

The Member's independent external audit firm appointed to carry-out this examination should normally be the firm engaged for the audit of the Member's (consolidated) financial statements. If it is not a member of a recognised national professional accountancy organisation it needs to be approved by the Director General.

For Members with international operations, it should be an international audit firm having offices in most countries or regions where the Member operates and employing a uniform international audit approach and methods.

NOTE 1 If the Member's operation includes countries where the international audit firm does not have offices and it is necessary to use different external audit firms, the Member and its international external audit firm should report to the Director General on the arrangements made to ensure that a consistent examination of the Programme implementation is achieved in respect of all locations. In such cases, the Member's international external audit firm should act as the co-ordinator of the other external audit firms and prepare one consolidated Assurance Report.

NOTE 2 The Member's appointed external audit firm may, by agreement with the Member, utilise the services and reports of independent management system certification or accreditation bodies which

have performed audits of the Member's management systems. However, neither such certification and accreditation bodies nor their reports should be used for the verification of the financial aspects relating to Business Relationships and the Business Principles for Countering Bribery, without the prior approval of the Director General.

3 Notification to IFIA of Member's appointed external audit firm(s)

Prior to the appointment of the external audit firm(s), or any subsequent proposed changes thereof, the Member should submit details to the Director General for confirmation of compliance with IFIA requirements.

4 Scope of examination

For the purposes of demonstrating that the Member is in conformance with the IFIA Compliance Code, the Member should require the external audit firm to proceed as set out in **EITHER** paragraph 4.1 **OR** paragraph 4.2 below:-

4.1(a) Perform an assurance review based on the International Standard on Auditing (ISA) as adapted for the IFIA Compliance Code, to include as a minimum the following steps:-

- (i) Verify that the Member has established a Compliance Programme incorporating the requirements of the IFIA Compliance Code.
- (ii) Verify that the Member's current Compliance Programme (including the Principles) remains identical to that submitted to, and approved by, IFIA as the member's implementation of the current version of the IFIA Compliance Code.
- (iii) Observe the existence of internal management systems, processes and controls in respect of (a) alleged violations (b) Member's Compliance Committee records and (c) compliance training.
- (iv) Review the following consolidated management statements:-
 - Political Contributions
 - Charitable Contributions and Sponsorships
 - Intermediaries' remuneration
 - Extraordinary expenditures relating to gifts, hospitality and expenses

and verify whether these statements:-

- reconcile with the accounting records and supporting documentation
 - have been approved by the member's Compliance Committee where applicable.
- (v) Verify that Management Declarations have been received from all Senior Managers as identified by the Member including at least one in respect of each Group Member within the Member's Group membership (if any) as listed or referenced in the IFIA Members Directory and test the follow-up systems employed for ensuring that all matters of concern or reports have been addressed or acted upon by the Compliance Officer.
 - (vi) Review any other areas and audit procedures as considered appropriate by the external audit firm and agreed with the Member.
- (b) Confirm that information relating to the operation of the Member's Compliance Programme is available from each Group Member within the Member's Group membership (if any) as listed or referenced in the IFIA Members Directory

- (c) Perform the assurance review, as above, by audit sampling in respect of the Member's locations including any Group Members within the Member's Group membership and the systems and documentation applicable to those locations/entities. The audit sampling should be agreed between the auditor and the Member, based upon a compliance risk assessment and taking into account the Member's organisation and peculiarities.
- (d) Maximise the use of the Member's internal audits to avoid duplication of efforts and minimise additional costs.
- (e) Report in accordance with Annex B and as provided in paragraph 5 below.

Note: Reportable Conditions

Significant deficiencies in the design or implementation of the Member's Programme that adversely affect the Member's ability to ensure conformity with the IFIA Compliance Code should be deemed reportable conditions. Where such conditions are detected by the external audit firm during performance of the assurance review, they should be reported regardless of whether or not the Member has already taken corrective action.

The external audit firm should not be required to include in its Report any minor non-conformities detected. These should be communicated separately to the Member's management for corrective action within the time frame stipulated by the auditor.

- 4.2(a) Perform procedures agreed between the Member and the external audit firm and approved by the Director General, in accordance with Annex C
- (b) Perform these procedures by sampling in respect of the Member's locations including any Group Members within the Member's Group membership and the systems and documentation applicable to these locations/entities, The sampling should be agreed between the auditor and the Member taking into account the Member's organisation and peculiarities
- (c) Maximise the use of the Member's internal audits to avoid duplication of effort and minimise additional costs in so far as is permitted by the local standards under which the agreed upon procedures are being performed
- (d) Report on each procedure referred to in 4.2 (a) above in accordance with Annex C and as provided in paragraph 5 below.

5 External audit firm's Report

The Member should require the external audit firm to issue a Report based on the Proforma Report, contained in either Annex B or Annex C (whichever is relevant), which is provided for guidance and may be adjusted as considered appropriate by the external audit firm and/or as may be required by professional standards.

The Member is required to send a copy of its external audit firm's Report to the Director General within 6 months of the end of the Member's financial year.

The Director General will submit to the IFIA Council summary reports of the Reports received. In the event that a Report contains Reportable Conditions, the Director General will follow these up, where applicable, in conformance with the IFIA Complaints and Disciplinary Procedures.

ANNEX A

Management Declaration Template

Confidential

.....(*name of Member*)'s Compliance Programme
Management Declaration for the year ending.....20....

To:.....(*name of Member's Compliance Officer or nominated delegate*)

Name of Manager:.....	Job Title:.....
Locations and/or activities covered by this Declaration:.....	
.....	
.....	
.....	
.....	

I(*name of Manager*) do hereby declare that in implementation of (*name of Member*)'s Compliance Programme for the year ending20... in each of the locations and/or activities, as listed above, falling under my area of responsibility :-

1. To the best of my knowledge I, and the members of staff reporting to me, have complied in all respects with the Compliance Programme;
2. I have verified that the Compliance Programme has been distributed to each Employee who had not previously received them;
3. I have fully and completely reported to the Compliance Officer any violation or suspected violation of the Programme, including any solicitation or offer of any improper payment or advantage, which has come to my knowledge;
4. I have fully and completely implemented all corrective and disciplinary actions required by the Compliance Committee in respect of any violation of the Programme.

Place..... Date.....

Signature.....



ANNEX B

Proforma Assurance Report of external audit firm

"Assurance Report on..... (name of Member) 's Compliance Programme"

1. Purpose of assurance review

We have performed review procedures on the management and reporting processes of the Compliance Programme of(name of Member) over the year or the period to to determine whether these incorporate the requirements of the IFIA Compliance Code dated.....and whether this has been adequately implemented within(name of Member)'s Organisation.

.....(name of Member) is responsible for the development and maintenance of the management and internal reporting processes of the Compliance Programme. Our responsibility is to report on the management and reporting processes of the Compliance Programme based upon our review procedures.

2. Scope of assurance review

The scope of our review procedures is as set out in the IFIA Guidelines on Verification of Code Implementation under "Scope of examination".

The scope of the review included verifying that management declarations were received from all senior managers as identified by the Member, including listing at least one in respect of each Group Member within the Member's group membership as listed or referenced in the Members Directory on the IFIA website.

We based our review primarily on management and other information provided to us by the company's management and staff. We also interviewed personnel responsible for the Compliance Programme, including the Compliance Officer, Managers and other appropriate employees, both at Group level and selected countries. We also performed tests, on a sample basis, of relevant documentation including Group policies, management and reporting structures, documentation and systems in place at (specify country(ies) visited).

There are no generally accepted international standards for these other Assurance Engagements. In the absence of such standards, we based our approach on best practices as well as on the underlying principles of the standards of the International Federation of Accountants but adapted as necessary. We, therefore, planned and performed our procedures to obtain a reasonable basis for our conclusions. However, as we have not performed an audit, we do not express an audit opinion.

3. Results of our assurance review

During our review the following aspects were noted for follow-up action:-

.....
.....

Based on our review procedures, with the exception of the above mentioned findings (where applicable) nothing has come to our attention to cause us to believe that:-

- (i) the Compliance Programme does not meet the requirements of the IFIA Compliance Code
- (ii) the Compliance Programme has not been adequately enforced and implemented



- (iii) the systems for collection, analysis and aggregation of Compliance Programme violations are not functioning as designed and that
- (iv) the consolidated management statements for intermediary remuneration, political contributions, charitable contributions and sponsorships, and extraordinary expenditures relating to gifts, hospitality and expenses do not properly reflect the figures as reported by the affiliates or reporting units.

4. Recommendations

From our work, we have provided the following recommendations to management which have been agreed:-

.....
.....

Name of External Audit Firm
Date



ANNEX C

Proforma Report of external audit form (Agreed Upon Procedures)

“Report on..... (name of Member)’s Compliance Programme”

1. We have performed the procedures enumerated below, which were agreed to by the Member and the International Federation of Inspection Agencies ("IFIA"), solely to assist you the Member in reviewing your Compliance Programme in connection with your membership in IFIA. The Member is responsible for implementing a Compliance Programme that conforms to IFIA guidance. This engagement was conducted in accordance with (state applicable standard). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.
2. We have performed the following procedures:
 - 2.1. Compliance Programme
 - 2.1.1. Obtained from management the Member's documented Compliance Programme [Document Name] (the "Compliance Programme") dated [date].
 - 2.1.2. Confirmed that the Compliance Programme addresses each of the following IFIA Compliance Principles:
 - 2.1.2.1. Integrity
 - 2.1.2.2. Conflicts of interest;
 - 2.1.2.3. Confidentiality
 - 2.1.2.4. Anti-bribery
 - 2.1.2.5. Fair marketing
 - 2.1.3. Obtained from management a copy of the transmittal letter used to send the Member's Compliance Programme to the IFIA Director General. Confirmed that the transmittal letter was dated between [date of publication] (which was the date that the Compliance Programme was approved by the Board) and [date one month later]. Obtained a copy of IFIA's acceptance of the Compliance Programme documentation. Obtained representation from management that no changes have been made to the Compliance Programme subsequent to [date of publication].
 - 2.2. Compliance Committee and Compliance Officer
 - 2.2.1. Obtained Board minutes dated [date] from management. Confirmed that those Board Minutes contained the following attributes:
 - 2.2.1.1. The appointment of [Name] as Compliance Officer
 - 2.2.1.2. A description of the Compliance Officer's responsibility and authority for implementing and operating the Compliance Programme throughout the organization
 - 2.2.2. Obtained from management the Compliance Committee constitution dated [date] and confirmed that each of the following positions exist on the Compliance Committee:
 - 2.2.2.1. Chief Executive Officer
 - 2.2.2.2. Compliance Officer

- 2.2.2.3. A representative from the Board
- 2.2.3. Confirmed that the Compliance Committee constitution obtained in step 2.2.2 above charges the Compliance Committee with overseeing the Compliance Programme.
- 2.3. Training
 - 2.3.1. Obtained from management a list of all employees of the Member as of [date]. (We make no comment with respect to the completeness or accuracy of the list.)
 - 2.3.1.1. Non-statistically selected xx employees from the list.
 - 2.3.1.2. Obtained from management a second list of all employees who have completed the Compliance Programme training course between [date to date]. (We make no comment with respect to the completeness or accuracy of the list.)
 - 2.3.1.3. Confirmed that each selected employee in 2.3.1.1 was included on the second list obtained in 2.3.1.2.
 - 2.3.2. Obtained from management the most current Compliance Programme training course dated [date]. Confirmed by examination of the index that each of the following principles was addressed:
 - 2.3.2.1. Integrity
 - 2.3.2.2. Conflicts of interest
 - 2.3.2.3. Confidentiality
 - 2.3.2.4. Anti-bribery
 - 2.3.2.5. Fair marketing
 - 2.3.3. Obtained from management the means by which they provide an opportunity for employees to provide input on the development of the Compliance Programme.
- 2.4. Reporting Violations
 - 2.4.1. Called the Member's "Employee Help Line" at 1 (xxx) xxx-xxxx on [date] and [time] and observed that the call was answered by an individual identifying themselves as a helpline employee of the Member.
 - 2.4.2. Using the Compliance Programme obtained, confirmed that it includes a reference to the Help Line.
 - 2.4.3. Using the Compliance Programme obtained, confirmed that it includes provisions for protection of confidentiality for this attribute.
- 2.5. Public Disclosure of Compliance Principles
 - 2.5.1. Accessed the Member's web site at (name website) on [date, time] and confirmed that the Compliance Programme dated [date] was posted.
 - 2.5.2. Confirmed that the Compliance Programme posted on (name website) had the same date as the Compliance Programme obtained in step 2.1.1.
 - 2.5.3. Obtained a description of the steps an interested party would take to provide inquiries, complaints or feedback via the Member's website (name site).
 - 2.5.4. Accessed the Member's web site (name site) on [date, time] and confirmed the existence of the method described to us in step 2.5.3. Reperformed [what they told us to do].

2.6. Investigations

- 2.6.1. Using the Compliance Programme obtained, confirmed that it includes a provision where employees can report known or suspected violations to the Compliance Officer, the employee's superior, a member of senior management, or an internal auditor.
- 2.6.2. Using the Compliance Programme obtained, confirmed that the Compliance Programme requires employees to report any solicitation of, or offer of, an improper payment or advantage coming to their attention.
- 2.6.3. Obtained from management the most current [policy] document for handling investigations and sanctions. Confirmed that the [policy] document includes:
 - 2.6.3.1. Requirements that all reported matters (known or suspected violations) are investigated
 - 2.6.3.2. Maintenance of records of all reported violations and subsequent actions taken
 - 2.6.3.3. A due diligence process that includes an interview of the alleged perpetrator
 - 2.6.3.4. Requirements for management or the Compliance Committee to decide on the appropriate corrective action/sanctions if the allegation is substantiated
 - 2.6.3.5. Potential corrective action sanctions that include Reprimand, Demotion, Suspension and Dismissal
 - 2.6.3.6. Protocols for providing the Compliance Officer with periodic updates regarding the status of investigations
 - 2.6.3.7. Requirements for the Compliance Officer to prepare periodic reports for the Compliance Committee on investigations, violations, and the implementation of corrective actions and disciplinary measures

2.7. Confidential Business Information

- 2.7.1. Obtained from management the most current [policy] document stating that access to confidential business information is restricted to authorized personnel
 - 2.7.1.1. Using the document obtained in step 2.7.1, confirmed that the [policy] document includes provisions regarding the access to, storage of, and disposal of, and access to confidential business information

2.8. Consolidated Management Statements

- 2.8.1. Obtained the Member's consolidated financial statements/general ledger/trial balance, as appropriate, dated [date]. (We make no comment with respect to the completeness or accuracy of the list.)
- 2.8.2. Obtained a schedule prepared by management for each of the following expenses for the period [date to date], or confirmation that no payments in any of the categories is made:
 - 2.8.2.1. Political contributions
 - 2.8.2.2. Charitable contributions and sponsorships
 - 2.8.2.3. Expenditures relating to gifts, hospitality and expenses
 - 2.8.2.4. Intermediaries' remuneration
- 2.8.3. Confirmed, where applicable, the existence of a separate general ledger account for each of the areas identified in 2.8.2.1 - 2.8.2.4.

- 2.8.4. Confirmed, where applicable, that the general ledger account balance matched the balance on the schedule prepared by management for each of the areas identified in 2.8.2.1 - 2.8.2.4.
 - 2.8.5. Confirmed that the schedule prepared by management for each of the applicable areas identified in 2.8.2.1 - 2.8.2.4 were presented to and approved by the Audit Committee.
 - 2.8.6. Non-statistically selected xx transactions from each schedule prepared by management.
 - 2.8.6.1. Obtained supporting documentation for each transaction selected.
 - 2.8.6.2. Traced the supporting documentation for each transaction selected in 2.8.6 to the transaction amount on the schedule prepared by management obtained in 2.8.2.
- 2.9. Business Relationships
- 2.9.1. Obtained from management a listing of all business partners as defined by IFIA. (We make no comment with respect to the completeness or accuracy of the list.) If the Member stated they have no business partners no further testing was performed. Otherwise, non-statistically selected xx business partners. If there were fewer than 10 business partners, selected all.
 - 2.9.2. For each business partner selected in 2.9.1, obtained representation from management whether the relationship was initiated or renewed between [date] and [date]. For each business partner where the relationship was initiated or renewed, obtained [due diligence documentation name] from management where the Member recorded the due diligence steps performed. Confirmed that the due diligence steps include the following steps:
 - 2.9.2.1. Risk analysis, including procedures to evaluate whether the proposed business partner is known to be involved in bribery
 - 2.9.2.2. Interview with the party
 - 2.9.2.3. Investigation of the party's background, with evidence of review and approval by the Compliance Committee
 - 2.9.2.4. Remuneration analysis reviewed and approved by the Compliance Committee
 - 2.9.3. For each selection, obtained from management the current contract between the business partner and the Member and confirmed that (except in the case of subcontractors) the following attributes exist in the contract:
 - 2.9.3.1. A requirement that the business partner comply with the Compliance Programme
 - 2.9.3.2. A provision allowing the Member to verify the business partner's compliance with the Compliance Programme
 - 2.9.3.3. An allowance for the Member to implement remedial action in the event the business partner breaches the Compliance Programme
 - 2.9.4. Obtained from management a list of all breaches of the Compliance Programme by business partners during the review period. (We make no comment with respect to the completeness or accuracy of the list.) Obtained [specific description document] documenting the remedial action taken for each breach.
- 2.10. Annual Management Declarations
- 2.10.1. Obtained from management a current listing of all employees identified as senior managers, including at least one in respect of each Group Member within the Member's Group membership (if any) as listed or referenced in the IFIA Members

Directory. (We make no comment with respect to the completeness or accuracy of the list.) Non-statistically selected xx individuals from the listing. Obtained each individual's signed Management Declaration for the year

2.10.2. Confirmed that the following attributes, from Annex A to IFIA's Compliance Code, exist on each signed Management Declaration:

- 2.10.2.1. Name
- 2.10.2.2. Job title
- 2.10.2.3. Locations and/or activities covered by the declaration
- 2.10.2.4. Declaration of implementation
- 2.10.2.5. Confirmation that the date listed next to the signature on each form is between [date and date]

2.11. Internal Audits

- 2.11.1. Obtained from management the Member's internal audit plan and confirmed that
 - 2.11.1.1. It includes audits to verify that the Compliance Programme has been implemented within the Member's organization
 - 2.11.1.2. Whether compliance findings resulting from such audits have been reported to the Compliance Officer
 - 2.11.1.3. That, where this is the case, follow-up actions have been taken

3. Factual Findings: Our findings with respect to the above procedures are as follows:

4. The procedures that we have performed do not constitute an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements and, consequently no assurance will be expressed on the adherence to IFIA's Compliance Code. Had we performed additional procedures or had we performed an audit or review, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Member and the Director General of IFIA, and is not intended to be and should not be used by anyone other than these specified parties. This report relates only to the accounts and items specified above, and does not extend to any consolidated financial statements of the Member, taken as a whole.

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Name of External Audit Firm
Date

