

## ESTABLISHING A CORPORATE COMPLIANCE PROGRAM IS NO LONGER “NICE TO HAVE”, BUT RATHER AN ABSOLUTE “MUST HAVE”

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Over the last few years we can observe a strong increase of international collaboration in enforcement by various authorities. Not only does this help bring international corruption cases to conclusion more quickly but it also gives a clear message to potential perpetrators: chances of getting caught are increasing.

With all the public discussion around corruption scandals and the massive impact that sanctions such as debarments, monitorships, and huge penalties in connection with settlements with global enforcement authorities are having on corporations, executives that continue to ignore corruption risk exposure within their organizations and fail to implement effective anti-corruption compliance programs are not only acting with gross negligence but are taking a risky gamble with the future of their corporation and their employees.

Very dramatic reputational and also financial impact of non-compliance and unethical management practices as presented in the press and social medias in connection with SNC Lavalin, Bombardier, VW, Valeant, Petrobras and others have contributed to the financial investment community taking increased interest in long term sustainability of companies within their investment portfolios and how ethics and compliance are embedded in a company's corporate culture. Institutional investors are increasingly demanding evidence of effective compliance programs before making significant investments in portfolio corporations.

There clearly is a new recognition that establishing a corporate compliance program is no longer “nice to have”, but rather an absolute “must have” for all corporations. As more and more stakeholders are demanding robust compliance programs, those companies that embrace ethics and compliance will emerge with a competitive advantage.

The C-suite executives need to provide the appropriate tone from the top and ensure that ethical behavior will be considered as part of the performance evaluation process of middle and senior managers. Equally there should be zero tolerance for violations, even if it may affect top executives and other “high achievers”.

A key element of the foundation for a successful compliance program will always have to be a thorough compliance risk assessment, taking into consideration the companies' geographical footprint, industry sector, government interactions, past identified fraudulent activities and other policy violations, third party relationships and overall business models, to name just a few of the input factors that should be considered for an in-depth compliance risk assessment.

Only if compliance risks are clearly identified will the Chief Compliance Officer be able to design effective risk mitigation measures, helping to prevent corrupt activities. Such risk assessment should furthermore be repeated regularly, in order to account for changes in the respective market environment as well as other changes to related risk parameters.

Prevention of corrupt activities largely depends on targeted risk mitigation measures and starts with ensuring sufficient awareness across all stakeholders of a company. The more people know about the factors that contribute to corruption overall, the harder will it be for corrupt individuals to continue their unethical practices.



Marc Tassé is a speaker, media commentator, and expert in the anti-corruption field. He teaches at the university level on white-collar crime, with topics ranging from market manipulation to money laundering, anti-bribery & anti-corruption initiatives and the hidden costs of corruption.

He has consulted around the world, helping corporations investigate allegations of corruption, and has served as a litigation consultant working with attorneys representing shareholders in complex court cases involving allegations of improper financial reporting and economic crimes.

He is a Chartered Professional Accountant - Chartered Accountant (CPA, CA), a Forensic Certified Public Accountant (FCPA) (USA), and a Certified Internal Controls Auditor (CICA) (USA). He carries the designation Certified in Financial Forensics (CFF) (USA) and holds a Master's degree in Business Administration (MBA), as well as an Honours Bachelor of Commerce from the University of Ottawa.