

TOOL 5

# Self-diagnosis tool to identify, analyse and mitigate corruption risks



Foreign, Commonwealth  
& Development Office



**Business  
Integrity  
Initiative**

Iniciativa de Integridad en los Negocios





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This publication was made within the framework of the Project No. 00120129 “Strengthening the capacities of SMEs to identify and navigate corruption risks in Mexico” which is part of the Business Integrity Initiative (BII). The analysis and conclusions hereby expressed do not necessarily reflect the views of the Government of the United Kingdom of Great Britain and Northern Ireland nor that of the United Nations Development Program, its Board of Directors or its Member States.

This publication was made possible with the support of the Government of the United Kingdom through its Department for International Development (DFID), the Department for International Trade (DIT), the Foreign and Commonwealth Office (FCO) and the British Embassy in Mexico.



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# PROLOGUE

The United Nations Development Program (UNDP) is the leading UN agency working in 170 countries and territories to eradicate poverty, reduce inequalities, and build resilience. In addition, it is the UN Programme that leads the efforts to achieve the Sustainable Development Goals (SDGs). UNDP articulates its mandate in Mexico, accompanying the implementation processes of the 2030 Agenda and its SDGs through the construction of multi-stakeholder bridges of collaboration between sub-national governments, civil society, the private sector, academia, citizens and key actors of the international development cooperation.

In order to improve corporate integrity practices in Mexico, in 2019 UNDP's Country Office in Mexico and the British Embassy in Mexico, in collaboration with the United Kingdom's Department for International Development (DFID), undertook a collaboration for the implementation of the project "Strengthening capacities of MSMEs to identify and combat corruption risks in Mexico", within the framework of the Business Integrity Initiative (BII). The main objective of this project is to support the efforts of the private sector in Mexico to strengthen compliance with current regulations on administrative responsibilities. In particular, providing support to micro, small, and medium-sized enterprises (MSMEs) in their efforts to strengthen their ethics and integrity practices through the implementation of tools that facilitate the identification, analysis, and management of corruption risks in their business strategies.

Looking ahead at the 2030 horizon, UNDP in Mexico seeks to transversally advance the three dimensions of sustainable development based on a contextualized approach focusing on the local level, addressing the challenges and priorities of Mexico. However, after five years from the adoption of the 2030 Agenda for Sustainable Development, the international community is facing a crucial moment on the route towards 2030.

The COVID-19 pandemic presents challenges that jeopardizes socio-economic structures, challenging the stability of markets and the development of peoples. Therefore, UNDP in Mexico, recognizing its mandate

to provide support to the country to respond urgently and effectively to the systemic shocks derived from the contingency, proposes the present Business Integrity Toolkit so that companies have instruments that allow them to shield their corporate practices against any risk of corruption and thus manage to absorb the impacts of the crisis, highlighting the creation of economic value based on ethical behaviour and strict adherence to the law.

It is in this context that UNDP, determined to make this pivotal year a turning point in the process of localizing the 2030 Agenda in Mexico, seeks to join efforts aimed at strengthening the corporate integrity of MSMEs. By the development of the Corporate Integrity Toolkit, made up of five thematic guides, an e-learning course, a digital application to identify and mitigate corruption risks and a set of editable templates to strengthen the capacities of MSMEs, UNDP Mexico aspires to be a key ally in the fight against bribery and corruption. Thus, the purpose of this Self-diagnosis tool to identify, analyse and mitigate corruption risks is to contribute to eradicate business practices that represent obstacles to development and prevent closing the socioeconomic and equality gaps.

In order to effectively materialize the goals of SDG 16 and face the challenges of the private sector in Mexico, the Integrity Assessment Tool aims to offer MSMEs a mechanism to identify, analyse and mitigate corruption risks in their corporate practices. This product is accompanied by a digital application that will allow companies to carry out their self-diagnosis in a didactic way on an online platform and thus know their corruption risk level and access substantive resources and practical recommendations to be able to prevent and mitigate these harmful acts. The Tool's components are based in strict adherence to the provisions of articles 66 to 72 of the General Law of Administrative Responsibilities, contextualizing the efforts to combat corruption on local regulatory frameworks.

**Lorenzo Jiménez de Luis**

Resident Representative  
UNDP México

**805 years ago, the Magna Carta was signed in the UK; the first legal document to mention the concepts of bribery, anti-corruption and human rights. It established the foundations of our vision and commitment on accountability, of popular democracy, and even of the importance of engaged citizens. Its enduring significance lies in two themes – business fairness and justice.**

Corruption is still a major barrier to international trade, affecting foreign investment, productivity, profitability, competitiveness, and basic human rights. According to the OECD (2017), Mexico loses between 5 and 10% of its GDP to corruption<sup>1</sup>. At company level, evidence shows that bribery and corruption come at a commercial as well as a reputational cost, and that doing business with integrity is more sustainable in the long term<sup>2</sup>.

The UK is as committed now as ever to fighting corruption at home and abroad, as demonstrated by our Bribery Act, which sets an internationally respected standard for business integrity, and the UK Anti-Corruption Strategy, published in 2017, that sets out a wide range of measures to ensure we keep operating to the highest standards.

It is in this context that the UK government launched its Business Integrity Initiative (BII) in 2018. The BII aims to help companies trade sustainably in emerging markets and provides companies with practical guidance to navigate issues such as bribery and corruption. As part of this initiative, three pilots were set up in Mexico, Kenya and Pakistan to test a new approach to business integrity support from British diplomatic missions.

The BII in Mexico aims to help companies put integrity front and centre of their strategies in order to attract long-term, sustainable investment, and help tackle corruption and human rights abuses.

In 2019, after consulting with a wide range of stakeholders from industry, government, NGOs and academia, BII Mexico designed four projects to improve transparency and support firms manage integrity risks. These are:

- ▶ User-friendly, **digital registers** of legal requirements for investors at the federal, state and municipal level, produced in collaboration with the federal government;

- ▶ **Capacity building for Small and Medium-Sized Enterprises (SMEs)** to broaden their knowledge of international integrity requirements (supported by this how-to toolkit);

- ▶ Support the creation of a **'government white list'** of companies considered reliable to do business with in Mexico for the reference of UK and international firms. Inclusion on the list follows the principles within the UK Bribery Act;

- ▶ **A Communications Campaign** to raise awareness of the advantages of doing business with integrity.

The relationship between the UK, Mexico and the United Nations Development Programme is based on our common objectives to achieve the Golden Thread of rule of law, strong institutions, accountable government, and sustainable trade. As such, I am pleased to release this toolkit, with the certainty that it will help companies and individuals to assess corruption risks and prepare accordingly to ensure integrity becomes the rule of sustainable local and international trade.

### **Corin Robertson**

Her Majesty's Ambassador to Mexico

<sup>1</sup> Organisation for Economic Co-operation and Development (OECD) (2017) *Integrity Review of Mexico - Taking a Stronger Stance Against Corruption*, Paris, OECD.

<sup>2</sup> For example, an OECD study reports that bribes average 10.9% of the value of a given transaction and a staggering 34.5% of profits. OECD (2014). *Foreign Bribery Report. An Analysis of the Crime of Bribery of Foreign Public Officials*, Paris, OECD, p. 8.

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# LIST OF ACRONYMS

<b>BII</b>	Business Integrity Initiative
<b>LGRA</b>	General Law of Administrative Responsibilities
<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>UNDP</b>	United Nations Development Programme
<b>SFP</b>	Ministry of the Civil Service
<b>UNCAC</b>	United Nations Convention against Corruption

# PREAMBLE

In order for MSMEs to address and mitigate the risks of corruption that may arise in the company, this tool is aimed at the development of procedures to implement a policy for managing potential risks of corruption and bribery as set out in the provisions of Articles 66 to 72 of the General Law on Administrative Responsibilities (LGRA). In accordance with this, the items that will guide this tool are Principles 2, 3, 4 and 5 of the UK Anti-Bribery Act and the Risk Analysis Protocol and Self-Diagnosis Tool, developed in 2018 by the United Nations Development Programme (UNDP), the United Nations Office on Drugs and Crime (UNODC) and the Ministry of the Civil Service (SFP).

The guide to implement this risk management tool is divided into two main sections that will help you identify, assess and mitigate corruption risks in your business: 1. **Why is it important to manage corruption risks?;** and 2. **Implementation of the Self-Diagnosis Tool.**



**THE PURPOSE OF ADOPTING CORPORATE INTEGRITY TOOLS IS NOT LIMITED TO COMPLY WITH ADMINISTRATIVE AND LEGAL REQUIREMENTS BUT TO TRANSFORM THE VALUES OF THE COMPANY.**

Max Kaiser, Founder of the Centre for Business Integrity and Ethics (CIEN)

## 1 WHY IS IT IMPORTANT TO MANAGE CORRUPTION RISKS?

Companies, regardless of their size and the sector to which they belong, are exposed to risks of corruption and bribery. It is therefore important to carry out adequate prevention procedures, proportionate to the risks of bribery that the organization faces.

The procedures established to apply the policies of prevention of bribery of an organization, must be designed to mitigate the risks identified, as well as to avoid unethical conduct by persons associated with the company and contrary to the Code of Conduct. The following is an indicative and non-exhaustive list of positive externalities and benefits that could cover by the procedures for preventing bribery, depending on the specific risks faced and their usefulness<sup>3</sup>:

- ▶ **1.** The involvement of the company's senior management will help to inspire people working inside and outside the company.
- ▶ **2.** Risk monitoring, diagnosis and evaluation procedures serve to prevent and address potential threats of corruption and bribery in the organisation.
- ▶ **3.** Due diligence, which means the correct attention of risks by people working in the company; this will allow to find areas of opportunity and, if required, involve experts.
- ▶ **4.** These procedures will help to analyse the benefits and disadvantages of the company's policy on gifts, hospitality and promotional expenses.
- ▶ **5.** Help in the analysis of direct and indirect employee contracts including recruitment, conditions, disciplinary measures and remuneration.
- ▶ **6.** The management of business relations with all other associated persons, including pre- and post-contractual agreements.
- ▶ **7.** Implementing and/or strengthening financial and business controls such as proper accounting, auditing and approval of expenditures.
- ▶ **8.** Improve transparency of transactions and disclosure of information.



**BEYOND A CONTROL MEASURE,  
AT CONCAMIN WE CONSIDER  
BUSINESS INTEGRITY AS A  
SYSTEM AND A KEY PART OF  
CORPORATE CULTURE.**

Sergio Martin Esquivel, President of  
the Public Procurement Commission,  
CONCAMIN

- ▶ **9.** Assist in decision-making, such as procedures for the delegation of authority, separation of functions and visibility of potential conflicts of interest.
- ▶ **10.** Generates clarity in compliance by detailing discipline processes and sanctions for non-compliance.
- ▶ **11.** It will help to strengthen the processes of the Whistleblower Channels and the investigations arising from them.
- ▶ **12.** This tool allows detailing the guidelines by which the company implements its mechanisms to prevent corruption and bribery. For example, how its policy will be applied to different departments of the organization.
- ▶ **13.** Promote the communication of the organization's policies and procedures and prevention training.

<sup>3</sup> Elements of the 2010 UK Anti-Bribery Act Principles 2, 3, 4 and 5 are included.

To achieve this, the guide you have in your hands will help you implement your own Self-Diagnosis Tool, which should include at least the following sections:

**Tool sections to implement a self-diagnostic tool in the company**



Source: Own elaboration

## 2 IMPLEMENTATION OF THE SELF-DIAGNOSTIC TOOL

For the implementation of a Self-Diagnosis Tool to identify, analyse and evaluate risks of corruption and bribery in MSMEs, we recommend creating a work team (Ethics and Integrity Committee of the company) to help adopt each of the sections. If it is not possible to have a team exclusively for this activity, it can be carried out by the general management or the owner.

Below, you will find the sections that you will have to attend to in order to implement a Self-Diagnosis Tool<sup>4</sup>.

### Note:

To implement the Self-Diagnosis Tool, it is suggested to have the Organization Manual to review the definitions of administrative offences contemplated in articles 66 to 72 of the LGRA.



**IN 2017, THE EVALUATION OF THE CORPORATE INTEGRITY LEVEL IN 500 MEXICAN COMPANIES (IC-500) WAS 37 OUT OF 100, CORRESPONDING THE BEST INTEGRITY PRACTICES TO THE HIGHEST POINTS.**

Mexicans against Corruption and Impunity (MCCI)

### a) Identification and prioritization of corruption risks

#### What is a risk?

A risk<sup>5</sup> is the probability that a negative event will occur and the effect or impact of such event, the existence of which represents a threat (source of danger) and the vulnerability of the organization to its effects. This means: **risk = probability per impact.**



<sup>4</sup> The Self-Diagnostic Tool and the wording of the sections of this document come from the proposal made by UNDP, UNODC and SFP in Risk Analysis Protocol and the Self-Diagnostic Tool, Mexico, 2018, available in <https://anticorruptcionmx.org/integridad-corporativa>, reviewed on May 13, 2020.  
<sup>5</sup> Risk Management Guide for Business, International Chamber of Commerce (ICC), in UNDP, UNODC and SFP, Risk Analysis Protocol, Mexico, 2018, available in <https://anticorruptcionmx.org/integridad-corporativa>, reviewed on May 13, 2020.



### Risk of corruption<sup>6</sup>

It is the possibility that, by action or omission, through the improper use of power, resources or information, the interests of a public or private organization are harmed for the purpose of obtaining a particular benefit or for a third party.

## Types of risks faced by a company

The following is a classification of the risks that companies may face<sup>7</sup>.

Types of risks	
<b>Strategic risk</b>	These are the risks related to the fulfilment of the company's strategic objectives and the definition of policies. (Example: decrease in sales or loss of customers).
<b>Operational risk</b>	These are risks associated to the processes and the structure of the company. (Example: high staff rotation, or lack of complaint control).
<b>Financial risk</b>	They are linked to the management of the company's resources. (Example: Not measuring well the acquired debt or the lack of liquidity).
<b>Compliance risk</b>	They are associated with the company's ability to meet legal and contractual requirements. (Example: To infringe the General Law of Administrative Responsibilities or to fail to comply with tax provisions such as the payment of income tax).
<b>Technology risk</b>	They are related to the technological capability of the company to meet its current and future needs. (Example: No automated accounting system, or lack of staff training in systems management).

Source: Risk Analysis Protocol.



<sup>6</sup> PNUD, UNODC and SFP, *Glossary of Corporate Integrity Terms*, Mexico, 2018, available in <https://anticorruptcionmx.org/integridad-corporativa>, reviewed on June 3, 2020.

<sup>7</sup> UNESCO, Bureau of Strategic Planning "Risk Management Training Handbook", 2010, in PNUD, UNODC and SFP, *Risk Analysis Protocol*, Mexico, 2018, available in <https://anticorruptcionmx.org/integridad-corporativa>, reviewed on May 13, 2020.

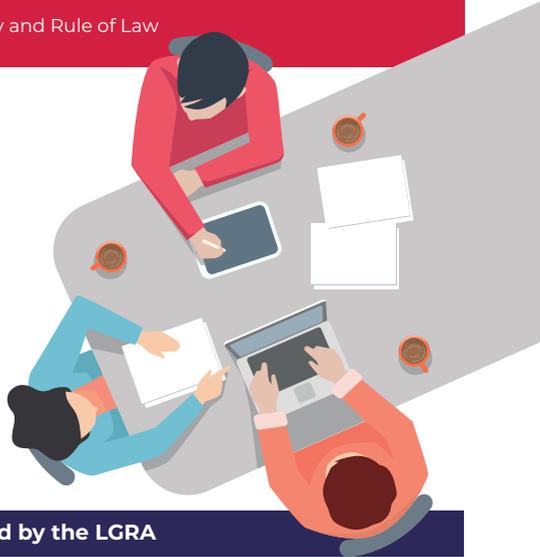


**IT IS IMPORTANT THAT THE LGRA INTEGRATE THE ELEMENT OF CO-RESPONSIBILITY IN THE FIGHT AGAINST CORRUPTION FOR THE PUBLIC AND PRIVATE SECTORS TO WORK ON BUILDING DURABLE SOLUTIONS.**

Vania Pérez, International Consultant on Integrity and Rule of Law

Corruption in itself is a risk, so the serious administrative offences described in the LGRA<sup>8</sup> (Articles 66 to 72), which may be incurred by individuals, will be considered **sub-risks or types of corruption (so called for this tool)**.

To **identify and prioritize** them, it is recommended that the table of types of corruption be filled in for each of the following administrative faults:



### Examples of acts of corruption classified by the LGRA

- ▶ **Bribery (art. 66 LGRA);**
- ▶ **Unlawful participation in administrative proceedings (art. 67 LGRA);**
- ▶ **Influence peddling to induce authority (section 68 LGRA);**
- ▶ **Use of false information in administrative procedures (section 69 LGRA);**
- ▶ **Obstruction of powers of investigation (section 69 LGRA);**
- ▶ **Collusion in public procurement (section 70 LGRA);**
- ▶ **Misuse of public resources (section 71 LGRA), and**
- ▶ **Improper hiring of former public servants (Article 72 of the Law).**

<sup>8</sup> General Law on Administrative Responsibilities, Mexico, 2016, available in [http://www.diputados.gob.mx/LeyesBiblio/pdf/LGRA\\_191119.pdf](http://www.diputados.gob.mx/LeyesBiblio/pdf/LGRA_191119.pdf), reviewed on June 3, 2020.



**THE GENERATION OF A FOCALISED AND UNIFIED PLATFORM DISPLAYING ALL ADMINISTRATIVE REQUIREMENTS AT THE FEDERAL AND SUBNATIONAL LEVEL WILL BE INSTRUMENTAL TO CLOSE LOOPHOLES AND TO ENABLE THE PRIVATE SECTOR TO OPERATE IN STRICT ADHERENCE TO THE RULE OF LAW.**

José Daniel Jiménez Ibañez, National Commission for Regulatory Improvement/ Comisión Nacional de Mejora Regulatoria (CONAMER)

It is recommended to consider the potential costs that a company will have, arising from the lack of an adequate System of evaluation and identification of risks of corruption and derived from the sanctions, for possible acts of corruption, described in article 81 of the LGRA9:

- a)** Economic sanction that may reach up to two times the benefits obtained, in case of not having obtained them, for the equivalent of one thousand up to one million five hundred thousand times the daily value of the Measurement and Update Unit;
- b)** Temporary ineligibility to participate in acquisitions, leases, services or public works, for a period of not less than three months and not more than ten years;
- c)** Suspension of activities, for a period that shall not be less than three months or more than three years, which shall consist of temporarily stopping, deferring or depriving individuals of their commercial, economic, contractual or business activities due to serious administrative faults provided for in this Law;
- d)** Dissolution of the respective company, which shall consist of the loss of the legal capacity of a legal entity, for the fulfilment of the purpose for which it was created by jurisdictional order and as a consequence of the commission, linkage, participation and relation with a serious administrative fault foreseen in this Law;
- e)** Compensation for damages caused to the Federal, local or municipal Treasury, or to the public entities' assets.

<sup>9</sup> *Idem.*



**EVERY DEPARTMENT IN THE COMPANY SHOULD BE CONSTANTLY ALERT TO CORRUPTION AS IT CAN APPEAR IN ALL AREAS AND TRANSVERSALLY DAMAGE ALL OPERATIONS: MANAGEMENT, LINE PRODUCTION, SUPPLY CHAIN, DISTRIBUTION AND TRANSPORTATION, SALES, PROCUREMENT AND TENDERING, LICENSING AND PERMITS.**

Laura Atkinson, British Chamber of Commerce in Mexico.

## b) Risk assessment

Before starting the exercise, it is important to know the definitions of the elements to be considered, which include:

<b>Inherent risk</b>	<p><b>Definition:</b> This is the own risk of the activities and services provided by the company.</p> <p><b>Example:</b> Transport crashes, mining collapses, labour claims in a company.</p>
<b>Residual risk</b>	<p><b>Definition:</b> This is the risk that persists even with the application of controls. It could be represented in the following formula: <math>\text{Inherent risk} - \text{control effectiveness} = \text{Residual risk}</math></p> <p><b>Example:</b> Request for bribery by public officials, offering of gifts by company employees to members of an agency to help them win a public tender.</p>
<b>Impact</b>	<p><b>Definition:</b> The consequences that the company will have to face if it commits an act of corruption.</p> <p><b>Example:</b> Financial loss due to possible sanctions imposed by the authority; or damage to reputation.</p>
<b>Probability</b>	<p><b>Definition:</b> The possibility of a risk materializing, without taking into consideration existing controls or prevention mechanisms. To measure it, frequency or recurrence criteria is used; that is, the number of times the risk has materialized in a given period in the past and the expectation that it will materialize in the future.</p> <p><b>Example:</b> Number of alleged bribes committed during 2020 and the anticipation and calculation of similar acts during 2021.</p>



**FOR SMES, INTEGRITY TOOLS COULD HELP US REDUCE CORRUPTION RISKS. AFTER INTEGRATING THEM AS PART OF OUR CORPORATE CULTURE, WE WOULD LIKE TO DISPLAY ALL OUR INTEGRITY PACKAGE IN OUR WEBSITE AND FEEL PROUD ABOUT THE WAY WE DO BUSINESS.**

Kennia Aguirre, Chief Executive Officer of bikeNcity

Then, the following must be done: ▶ **1.** assess the inherent risk and ▶ **2.** the residual risk, taking into account the controls that the company has (in accordance with Article 25 of the LGRA).

In order to achieve this, the following series of questions were developed, which can be modified according to the needs of the company, with the guidance of the following two tables (inherent risk and residual risk), in order to find out the level of risk that each one has:

\*For online self-diagnosis see:  
<https://integridad.corporativa.org.mx/app/> 

### Risk: Anticorruption Regulations in LGRA

#### Risk Identification

Measure		Guiding questions to identify corruption risks
<b>Inherent Risk</b> (Subject to the exposure to activities with intrinsic risks)	Impact (consequences)	<ul style="list-style-type: none"> <li>▶ Impact on the Company's reputation</li> <li>▶ Impact on maintaining / increasing customers</li> <li>▶ Relevant impact on other areas of the company</li> <li>▶ Impact reaction of regulatory authorities</li> <li>▶ Impact on creating demands on the company</li> <li>▶ Financial impact of corruption representing more than 25% of annual income</li> </ul>
	Probability (Frequency)	<ul style="list-style-type: none"> <li>▶ The probability of occurrence in one year</li> <li>▶ The probability of occurrence in six months</li> <li>▶ The probability of a single event occurring in six months</li> <li>▶ The probability of it happening every three years</li> </ul>

Note:

These questions can be changed as needed. The sum of the values in each block should always sum a total of 50 for impact and 50 for probability.

**Source: Self-Diagnosis tool.**

Measure	Guiding questions to identify corruption risks
<b>Residual Risk</b> (factors that remain after controls are applied)  Controls in Art 25 of the LGRA  (mitigation measures)	<ul style="list-style-type: none"> <li>▶ Are there written policies, processes and procedures to mitigate sub-risk?</li> <hr/> <li>▶ Is there a Code of Conduct in place and socialized to avoid sub-risk behaviour?</li> <hr/> <li>▶ Are there adequate control, monitoring and audit systems in place to regularly review the sub-risk?</li> <hr/> <li>▶ Are the controls all or mostly MANUAL?</li> <hr/> <li>▶ Are the controls all or most of them AUTOMATED, that is, are they carried out mechanically or through some system?</li> <hr/> <li>▶ Is there a whistleblower system in place that promotes the reporting of behaviour associated with sub-risk? Are there training processes that include the sub-risk?</li> <hr/> <li>▶ Are there policies and procedures for selecting personnel whose roles reduce sub-risk?</li> <hr/> <li>▶ Is a conflict of interest declaration required from employees to avoid sub-risk?</li> </ul>

Note:  
The items in the Controls can also be changed and should always add up to 100.

Source: Self-Diagnosis tool.

From the abovementioned, we will obtain the values for each type of corruption analysed, which can be represented in the following risk map, which summarizes the final results of impact, probability, inherent risk, controls and residual risk by sub-risk, and considers a colour for each rating. The table is an example; each company will fill in the values obtained. It is recommended to give red colour to the high value, yellow to the medium value and green to the low value.

Once the types of corruption and the costs of committing them have been catalogued, the following table will help in the analysis of these within the company:



## Corruption risks management

<b>Identifying the types of corruption.</b>	(Place here the sub-risk to be analysed) Administrative offences under Articles 66 to 72 of the LGRA.
<b>Describe the types of corruption.</b>	Place the definition of the administrative offences referred to in Articles 66 to 72 of the LGRA and the elements that can materialize in the company.
<b>Sanctions</b>	Describe the sanctions according to Article 81 of the LGRA.
<b>Controls</b>	These are the elements referred to in Article 25 of the LGRA and which help to consolidate an integrity policy in companies <sup>10</sup> .
<b>Impact</b>	Questions to help determine the negative effect of the sub-risk.
<b>Management</b>	Putting in place the capacity the company has to respond to the type of corruption. Including its effectiveness and cost.
<b>Justify and Prioritizing types of corruption</b>	<p>Based on the company's knowledge, and taking into account the regulations, controls, sanctions, impact and management, the risks are justified and prioritized.</p> <p>This is a prioritization that each company will define, in order to find out which sub-risk they are dealing with first of all those identified. They are categorized into High, Medium and Low.</p> <ul style="list-style-type: none"> <li>▶ High = the impact can put the viability of the company at risk.</li> <li>▶ Medium = partial impact on the company's activities.</li> <li>▶ Low = the impact does not affect the operation of the company.</li> </ul>

**Source: Self-Diagnosis tool.**

**10 Article 25.** When determining the liability of legal persons referred to in this Law, it will be valued whether they have a policy of integrity. For the purposes of this Act, an integrity policy shall be considered to be one that has at least the following elements:

- I.** An organizational and procedural manual that is clear and complete, delimiting the functions and responsibilities of each of its areas, and clearly specifying the various chains of command and leadership throughout the structure;
- II.** A code of conduct properly published and socialized among all members of the organization, with systems and mechanisms for real implementation;
- III.** Adequate and effective control, monitoring and audit systems, which constantly and periodically review compliance with integrity standards throughout the organization
- IV.** Adequate reporting systems, whether within the organization or to the competent authorities, as well as disciplinary processes and specific consequences for those who act against internal rules or Mexican legislation
- V.** Adequate training and education systems and processes regarding the integrity measures contained in this article;
- VI.** Human resources policies aimed to avoid the incorporation of persons who may generate a risk to the integrity of the corporation. These policies shall, in no case, authorize discrimination against any person on the grounds of ethnic or national origin, gender, age, disability, social status, health conditions, religion, opinions, sexual preferences, marital status, or any other factor that undermines human dignity, and is intended to nullify or undermine the rights and freedoms of persons; and
- VII.** Mechanisms to ensure transparency and publicity of their interests at all times.

## Risks map

Types of corruption	Impact	Probability	Inherent risk	Controls	Residual risk
<b>Bribery</b>	High	Medium	High	High	Medium
<b>Unlawful participation</b>	High	Medium	High	High	Medium
<b>Influence peddling</b>	Low	Medium	Low	Medium	Low
<b>Use of false information</b>	High	Low	Medium	Low	Medium
<b>Collusion</b>	High	Medium	High	High	Medium
<b>Misuse of public resources</b>	High	Medium	High	Low	High
<b>Improper hiring of former public official</b>	High	Medium	High	Medium	Medium

Note:

These are the individual results by type of corruption assessed

Source: Self-Diagnosis tool.

## c) Risk monitoring

Once the identification, prioritization and evaluation of risks have been carried out, it is necessary to periodically monitor (this may be quarterly, half-yearly or annually as determined by the company) the effectiveness of the controls established: if they are adequate, they are confirmed and if not, they are modified.

A **control is considered to be effective** if it gives alerts on process failures. **A control is not effective**, and therefore must be modified, if it does not detect alerts, and a process failure is identified through other means.



# THE BRIBERY ACT 2010

Quick start guide

**Risk Assessment: Think about the bribery risks you might face. For example, you might want to do some research into the markets you operate in and the people you deal with, especially if you are entering into new business arrangements and new markets.**

UK Government, The Bribery Act 2010 – Quick start guide

To perform the monitoring, it is suggested to fill in the following table, which will help to verify the compliance and effectiveness of the controls.

Types of corruption provided in Art. 66 to 72 of the LGRA	Control of the type of corruption	Process Responsible/ Area Responsible	Control Description	Quarterly, half-yearly, annual monitoring frequency	What indicators are there to measure control?	Results From Evaluation Of the control Satisfactory/ With Improvements/ unsatisfactory	Action plans. Compliance dates Responsible
Bribery							
Unlawful participation							
Influence peddling							
Use of false information							
Collusion							
Misuse of public resources							
Improper hiring of former public official							

**Source: Self-Diagnosis tool.**

Note:

This checklist helps to provide timely follow-up on controls which will help create action plans to improve the company's anti-corruption policy.

## d) Review

To carry out the review of the controls, it is suggested that the following tables are filled in to test the effectiveness of the controls (considered in Article 25 of the LGRA). It is suggested to include documentary evidence and evidence to support the review.

The weighting: each item is assigned with a percentage according to the relevance of each control, and each table should add up to 100 points (if all the controls are met). The tables are already pre-filled as an example that not all questions are answered with yes; each company can change the values so that each table adds up to 100.





**COUNTING ON DATA WHICH IS OPEN AND INTEROPERABLE, IN TERMS OF IMPROVING TRANSPARENCY OF PUBLIC CONTRACTS COULD ENABLE US TO EXTRACT BETTER INFORMATION TO SET MINIMUM STANDARDS, REDUCE GREY AREAS, MAKE COMPARATIVE ANALYSIS, MONITOR CONTRACTUAL AND ADMINISTRATIVE PROCESSES, AMONG OTHERS. CLASSIFYING THE GATHERED DATA IN DIFFERENT LEVELS OF REGULATORY REQUIREMENTS PER SECTOR (NATIONAL, STATE AND MUNICIPAL LEVEL) COULD CONTRIBUTE TO ELIMINATE LOOPHOLES THAT MAY ALLOW CORRUPTION TO HAPPEN.**

Pablo Villarreal, Secretariat of the National Anti-corruption System (SESNA)

### Review Guide

Controls (Art.25) for types of corruption (Art. 66 to 72)	Complies? (Yes / No / Partial)	*Weighting	Evidence or samples	M	S	M	B
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#### Section I. Organization and procedures manual

1.Does the company have an integrity policy that includes an organization manual, and clearly and thoroughly defined functions, responsibilities, and chains of command?				✓	✓	✓	✓
2.Does the manual promote the adoption and regard of internal rules and accountability practices				✓	✓	✓	✓
3.Is the manual in line with existing legislation?				✓	✓	✓	✓
4.Does the manual establish concrete actions that the company management and senior leadership should take to prevent and inhibit corruption?				✓	✓	✓	✓
5.Does the company include an anticorruption clause in all hiring processes?				✓	✓	✓	✓
6.Have all suppliers, clients, distributors and all other third parties adhered to the integrity policy through specific clauses in the agreements and documents signed with the company?				✓	✓	✓	✓
<b>Subtotal section: %</b>							

Controls (Art.25) for types of corruption (Art. 66 to 72)	Complies? (Yes / No / Partial)	*Weighting	Evidence or samples	M	S	M	B
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### Section II. Code of Conduct

1. Is there a code of conduct that has been published and communicated to all members of the organization, and that includes mechanisms and systems for its application?				✓	✓	✓	✓
2. Does the code of conduct include an anticorruption section?				✓	✓	✓	✓
3. Does the code of conduct include mechanisms to prevent conflicts of interest?				✓	✓	✓	✓
4. Does the code of conduct explicitly reference values related to ethics and integrity, and provide guidelines for workers and employees' behaviour in relation to their colleagues and their commercial activities?				✓	✓	✓	✓
5. Is the code of conduct updated periodically?				✓	✓	✓	✓
6. Is there a procedure to analyse and incorporate best practices into the code of conduct?				✓	✓	✓	✓
7. Has the code of conduct been communicated to all employees, workers, contractors, partners, and suppliers?				✓	✓	✓	✓
8. Has the company implemented measures to promote the knowledge and internalization of the code of conduct?				✓	✓	✓	✓
9. Does the company periodically evaluate the results of the measures to promote the knowledge and internalization of the code of conduct?				✓	✓	✓	✓
10. Does the company have indicators to measure the application of the code of conduct?						✓	✓
11. Are there clearly defined consequences in case of failure to comply with the code of conduct?				✓	✓	✓	✓
<b>Subtotal section:</b>							

\*The weighting by both section and total is reflected in a base of 100

(M) Micro, (S) Small, (M) Medium y (B) Big Enterprises

Controls (Art.25) for types of corruption (Art. 66 to 72)	Complies? (Yes / No / Partial)	*Weighting	Evidence or samples	M	S	M	B
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### Section III. Adequate and effective control, monitoring and audit systems

1.Does the company have a corruption risk analysis disaggregated by country, sector, type of transaction, and commercial opportunity?				✓	✓	✓	✓
2.Does the company have standard protocols to address each of the identified corruption risks?						✓	✓
3.Do the protocols to address corruption risks consider the measures that employees and workers must follow in their interactions with public servants, suppliers, investors and clients?						✓	✓
4.Does the company have adequate and effective control, vigilance, and audit systems that periodically examine the compliance with integrity standards?				✓	✓	✓	✓
5.Do the control, vigilance and audit systems consider the control environment? Framework within which the information, accounting and control systems operate, which contributes to their trustworthiness.				✓	✓	✓	✓
6.Has the company established a risk management process?				✓	✓	✓	✓
7.Does the company provide training and communication on the control, vigilance and audit systems?						✓	✓
8.Have the control, oversight and audit mechanisms been adjusted to mitigate the identified risks?						✓	✓
<b>Subtotal sección:</b>							

Controls (Art.25) for types of corruption (Art. 66 to 72)	Complies? (Yes / No / Partial)	*Weighting	Evidence or samples	M	S	M	B
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### Section IV. Appropriate reporting systems

1.Are there adequate complaint systems, disciplinary processes and defined consequences for persons that act against rules and regulations within and outside de company?				✓	✓	✓	✓
2.Does the company have a documented process to address serious breaches in integrity?				✓	✓	✓	✓
3.Does the company communicate the channels and means to report potentially corrupt activities?				✓	✓	✓	✓
4.Does the company have reporting channels that maintain the confidentiality of the complainant?				✓	✓	✓	✓
5.Are there policies that guarantee the follow-up and resolution of reports, guaranteeing confidentiality and protecting the complainant, particularly their personal information and identity?				✓	✓	✓	✓
6.Is there an area that helps avoid the misuse of reporting channels as means to discredit or provide false declarations?						✓	✓
7.Are there measures to protect the rights of complainants and accused persons?				✓	✓	✓	✓
8.Does the company have clear and supervised processes to direct complaints when they are linked to breaches of the law?				✓	✓	✓	✓
9.Is there a process to present the results of internal investigations to the company management and highest levels of leadership?						✓	✓
10.Are there measures to prevent the singling out and prejudice against persons who, on good faith, report actions that could imply abuses or violations to integrity norms?				✓	✓	✓	✓
11.Are the anonymous reporting channels managed by persons independent of the company?						✓	✓
<b>Subtotal section:</b>							

Controls (Art.25) for types of corruption (Art. 66 to 72)	Complies? (Yes / No / Partial)	*Weighting	Evidence or samples	M	S	M	B
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**Section V. Adequate training and education systems and processes**

1.Are there systems and processes to train employees on the company's integrity policy?				✓	✓	✓	✓
2.Does the company implement training programs for employees on their integrity policy, code of conduct and compliance with legislation?				✓	✓	✓	✓
3.Does the company provide its employees and workers with easily accessible training materials on these topics?						✓	✓
4.Does the company implement training programs for employees and workers on anticorruption topics, such as compliance with the law, sanctions, bribery, prevention and management of conflicts of interest, ethics and corporate integrity?				✓	✓	✓	✓
5.Does the company prioritize the training of employees and workers that participate in activities with higher corruption risks?				✓	✓	✓	✓
6.Are best practices shared among the sector, through forums, seminars, working groups, etc.?						✓	✓
<b>Subtotal section:</b>							

Controls (Art.25) for types of corruption (Art. 66 to 72)	Complies? (Yes / No / Partial)	*Weighting	Evidence or samples	M	S	M	B
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### Section VI. Human resources policy

1.. Is there a human resources policy to avoid hiring persons that could pose a risk to the company's integrity?				✓	✓	✓	✓
2.Does the company have a policy to avoid discrimination on any grounds?				✓	✓	✓	✓
3.Are employees and workers encouraged to follow anticorruption norms?				✓	✓	✓	✓
4.Does the company have due diligence processes?						✓	✓
5.Do due diligence processes evaluate the risks pertaining to associations, contracts, sales, and human resources?						✓	✓
6.Has a rotation scheme for employees and workers with high exposure to integrity risks been implemented?						✓	✓
7.Is there a program or mechanism to recognize personnel who excel in complying with the integrity policy?						✓	✓
8.Are employees and workers directly involved in the compliance with ethical and anticorruption guidelines, such as through signing a letter of commitment?				✓	✓	✓	✓
<b>Subtotal section:</b>							

Controls (Art.25) for types of corruption (Art. 66 to 72)	Complies? (Yes / No / Partial)	*Weighting	Evidence or samples	M	S	M	B
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### Section VII. Mechanisms for transparency and publicity of interests

1.Does the company have mechanisms to ensure the transparency and publicity of its interests at all times?				✓	✓	✓	✓
2.Has the company presented to the Ministry of the Civil Service a manifest of its links or relationships with public servants?				✓	✓	✓	✓
3.Has the company established agreements or integrity certifications with other companies or with the public sector?				✓	✓	✓	✓
4.Does the company share its integrity policy with its shareholders?				✓	✓	✓	✓
5.Does the company publish its integrity policy and interests, in case they are in conflict with the public sector?				✓	✓	✓	✓
6.Does the company's integrity policy require all employees and workers to cooperate in investigation and audit processes, in which they might be required to provide information about the company's operation?				✓	✓	✓	✓
<b>Subtotal section:</b>							

Source: Self-Diagnosis tool



# THE BRIBERY ACT 2010

Quick start guide

The risks you face and the effectiveness of your procedures may change over time. You may want, therefore, to keep an eye on the anti-bribery steps you have taken so that they keep pace with any changes in the bribery risks you face when, for example, you enter new markets.

UK Government, The Bribery Act 2010 – Quick start guide.

## e) Action plans

This section is designed for self-correction of the above elements. When it is identified that a risk is not being mitigated, a plan is established with activities to which management commits itself to correct the deficiencies. Action plans must meet specific objectives, be clear, realistic and have a deadline for completion.



**THE ADOPTION OF INTEGRITY PROGRAMS CARRIES ECONOMIC BENEFITS AS ENABLE COMPANIES TO OPEN THEIR DOOR TO NEW CLIENTS, BE PROVIDERS FOR PUBLIC INSTITUTIONS, HAVE MORE ACCESS TO CREDITS, TRADE IN THE STOCK MARKET AND HAVE INTERNATIONAL FUNDS.**

Marco Pérez Ruiz, Network Manager México & Colombia, Alliance for integrity.

In order to develop action plans, it is suggested to fill the following table:

**Action plan table**

Section	Percentage obtained	Actions to be done	Areas responsible	Compliance dates
I. Organization and Procedures Manual	(insert percentage obtained)			
II. Code of Conduct				
III. Control, surveillance and audit systems				
IV. Complaint systems				
V. Training and education systems				
VI. Human resources policy				
VII. Mechanisms for transparency and publicity of interests				

Source: Self-Diagnosis tool

f)

### Communication of the results of the self-diagnostic tool

Finally, this step suggests that the general management or the owner of the MSME communicate the results of the implementation of this tool to the employees in order to strengthen accountability and the culture of integrity within the company; this will result in better decision-making for those who make up the organization.

Making a brief report with the results of each of the implemented tables will help to establish responsibilities (what is the role/role of each member of the company) in the prevention of corruption risks in the company.



**OUR SMALL COMPANY IS INTERESTED IN THE TOPIC OF BUSINESS INTEGRITY BECAUSE IT CAN HELP US TO WIDEN CLIENT'S PORTFOLIO, GET BANK CREDITS, IMPROVE THE IMAGE OF THE COMPANY, DIMINISH FINE RISKS, DO BUSINESS WITH INTERNATIONAL COMPANIES, AND IMPROVE WORK ENVIRONMENT.**

Marcela Medina Cruz, Dulces la Sureña, SA de CV.



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# CORPORATE INTEGRITY TOOLKIT



Use your mobile device's camera to scan the following codes and check the Corporate Integrity Toolkit online.



## MAIN PLATFORM



## SELF-DIAGNOSIS TOOL TO IDENTIFY, ANALYSE AND MITIGATE CORRUPTION RISKS



